

# Sir Alex Ferguson's Formula of Effective Leadership for the Business World

**Mostafa Sayyadi**

*Australian Institute of Management, Australia*

**Michael J. Provitera**

*Barry University, USA*

**Joanna Seraphim**

*IÉSEG School of Management, France*

**Holly Latty-Mann**

*The Leadership Trust, Inc., USA*

**Joaquim Vilà**

*IESE Business School, Spain*

## *Abstract*

*Manchester United Football Club, under Sir Alex Ferguson for 26 years, transformed its culture from a team that had not won a single Premier League title in almost two decades into a superior champion that won 38 trophies. Can a manager of a football team equate to a leader of a corporation? The answer to that is how Michael Moritz, a leader best known for helping to organize companies like Apple, Google, and YouTube, showed how sports management and leadership are the same. Forbes magazine profiled Michael as immigrating to America in 1976. Then Moritz wrote an early biography of Steve Jobs and Apple, and he called it "The Little Kingdom." Moritz did this while he was Time Warner's San Francisco bureau chief. He jumped to venture capital firm Sequoia Capital and led it for years after his debut at Time Warner. Moritz, with all of his global reputation, became enamored by Alex Ferguson's coaching at Manchester United and, despite all of his extraordinary talent in management and leadership, he wanted to know how Alex Ferguson managed to keep Manchester United at the highest level of performance for several decades. Ferguson's coaching at Manchester United strengthened the club. He is one of the world's best coaches and leaders of all time. There have been many*

*scholars who distinguish between leadership and management, while others argue that they are equivalent. Many qualities that separate great leaders from good managers indicate that finding a good manager is not difficult, but finding a good leader is almost impossible.<sup>1</sup> This is a myth. This article decodes the myth of Alex Ferguson's effective leadership that primarily manifests itself in smart control, balanced delegation, professional sale of ideas, and effective communications.*

### **Introduction**

Both a manager and a leader act as if he or she has a significant stake in the business, as if they owned the business itself. This is a good intention because the success of the business depends on their success in their career. Both leaders and managers focus on the global picture and extended goal setting. According to Ferguson, when you want to manage a team, you have to keep the end in mind.<sup>2</sup> This is a philosophy that Ferguson has adhered to during his 26 years as a manager at Manchester United. All leaders focus on a long-term vision and strategy. Ferguson's training system has been like a production line for champions, which has allowed Manchester United to maintain its performance at an elevated level. Ferguson once said:

***"It is not for nothing that God gave us two ears, two eyes, and one mouth! So that we can see and hear twice as much."<sup>3</sup>***

Ferguson believes there is only one best way to do this: observe and listen. A leader is someone who listens to everyone, offers good advice, constructive suggestions, and shrugs off pointless criticism. Ferguson has an interesting example: In 1992, I was in the team bathroom with the players, a rare occasion for me, and I was listening to them analyze the game. Steve Bruce and Gary Palliser were talking about Eric Cantona, the French striker who Leeds had signed from the Olympic Club. Steve Bruce, who was captain of Manchester United at the time, was talking a lot about Cantona. Those words gave me an idea of what Eric Cantona was. We bought Cantona very soon after that. Even when I was signing Eric Cantona, I was still consulting others. I spoke to Gérard Houllier, the French coach, and Eric Bildermann, the sports journalist, to get to know the player I was signing. Michel Platini said to me: You have to sign him.<sup>4</sup> He is underrated. Cantona just needs a little understanding. They gave me some advice on dealing with Cantona. It turned out to be a crucial decision for Manchester that season. You could even say

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for the next decade. In the six games we played before Cantona came, we scored four goals; in the six games after he came, we scored fourteen goals.

This is the result of the power of listening. A good leader can quickly identify valuable information from the opinions of those around him and turn that knowledge into a catalyst for success. The same with succession planning. For example, Jamie Searle, the manager of Notts County, once told Ferguson that he should always be aware of the expiration dates of players' contracts.<sup>5</sup> This helps to prevent collusion between the manager and the club, and Ferguson has made this advice one of the most important principles of his work.

Leaders are also always looking at the global picture while acting sequentially. Ferguson believes that observation comes in two different forms. Sometimes we need to look carefully at the minute details of everything, and sometimes we just need to consider the big picture. Getting caught up in the details, or rather, getting caught up in the minutiae, should not blind us to the bigger picture. We need to broaden our horizons at every moment. A coach has to play two distinct roles. Ferguson says, "I would sometimes watch the whole team training and try to understand the spirit, energy, and habits of the players. On the other hand, before the game, I would carefully examine the smallest details of all the opposing players; for example, I would watch their game films and study their characteristics. I would try to combine these two perspectives to find the best technique to win."<sup>6</sup> Diligence was one of the factors that helped Ferguson's team win the 1999 Champions League final against Bayern Munich. Based on his analysis and information from the films, he was able to predict two substitutions that Munich would make late in the game. In doing so, he invented a technique that we call "flexible observation." A method that is essential for success in any endeavor. Ferguson translated these two best leadership practices of observing and listening into leadership superiority. Let's see how?

### **Alex Ferguson's 4-Point Formula of Effective Leadership**

What turned the two best leadership practices of observing and listening into a key driving force for effective leadership at Manchester United was the following four characteristics of Alex Ferguson's leadership:

*Smart Control:* The thing that all leaders and managers have to deal with is control. Ferguson believes that control is an integral part of leadership. Leaders must maintain control of their team. Ferguson is one of the most rigid football managers. When he started as manager of Manchester United, the players wore the uniforms of every company that sponsored them, which gave the team an unprofessional look. Ferguson quickly ordered that a

uniform be designed for the entire team. He then set rules for haircuts and the wearing of jewelry, and told the entire team that he would accept no excuses in this regard.<sup>7</sup>

Ferguson also believes that discipline and determination are two facets on one end of a gamut. Take Cristiano Ronaldo, for example. When Ferguson brought him to Manchester United, Ronaldo's determination to become the best footballer in the world was as clear as day. Ronaldo's determination has allowed him to maintain such incredible discipline. Even today, Ronaldo takes an ice bath after every match and keeps himself seven pounds under his ideal weight. Strict measures like these have allowed him to continue to play at an incredibly elevated level despite his age. Of course, Ferguson stresses that at this stage, you have to be incredibly careful about how you control your team. Do not rely on blame or anger to maintain control of your team. The right and smart way to maintain control is to give people confidence and trust.

*Balanced Delegation:* When Ferguson delegates, he does it in style. He uses a subtle amount of control coupled with empowering his followers. Many scholars, such as Bill George and Dave Ulrich, feel that managers delegate and leaders inspire.<sup>8,9</sup> In actuality, both delegate. Sometimes managers delegate under stress and feel repressed, while leaders delegate with style and encouragement. When Ferguson found a player feeling under par, he encouraged the player to work harder, get up earlier, eat better, and party less with an enthusiastic parenting style. He kept the team both diverse, as he determined their individual qualities, and at the same time united them to be a force that other teams could not reckon with. Ferguson noticed that the more mature players built silos and kept the younger players at bay. He quickly teamed them up and had the senior player mentor the younger player and build strong camaraderie. Ferguson also made sure that his team built in creativity and innovation. He had an open suggestion box that encouraged players to produce new and improved ideas.<sup>10</sup> One idea that came out was that the entire team realized that Cristiano Ronaldo had incredible speed, and when it was possible, they all hinged on that skill to win games.

Leaders try not to get too excited by success and do not dwell on mistakes. Expectations always have to be taken with a global consideration. Meaning consider all aspects of successes and failures before jumping to conclusions about the benefits or losses. Ferguson learned this lesson after eight consecutive wins; he inadvertently told the press that his team would not lose a single game that season. He realized afterward that this precedent placed too much pressure on the players, which weakened their performance.

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At Manchester United, Ferguson used a coaching system in which a groundsman was responsible for managing the soil and watering. Doctors monitored the player's health in a proactive manner, and the head of the youth academy was responsible for nurturing new talent. All of these coaching silos performed their own tasks and worked together as separate business units. Ferguson was great at manifestation and helped everyone with positive psychology coaching to get his followers to believe they could do things they never thought were possible. He used Path-Goal Theory;<sup>11,12</sup> he charted a path that the players had never followed before. The path-goal theory is an adaptive form of leadership that focuses on motivating and supporting employees. Path-goal leaders might help one employee with a directive approach and another with a more hands-off approach. This type of leadership helped his followers succeed.

Balanced delegation has always been a concern for leaders. Too much delegation and followers feel micromanaged, too little delegation and followers feel usurped. Ferguson understood how to respect the opinions of his team members and how to delegate tasks to them based on his individual understanding of them.

*Professional Sale of Ideas:* Another idea about effective leadership is professionally selling your story. Jim Clawson, a University of Virginia expert on leadership, argues that selling your story is an important part of being an effective leader.<sup>13</sup> Ferguson excelled at selling his ideas. His focus was first on ensuring that he had the most effective players, then he focused on making the fans feel appreciated; this, he felt, would lead to the sponsors being interested in marketing and being part of the team.

As a leader, talent management has to be always at the forefront of team development and prosperity. Ferguson persuaded potential players to join the team and continuously set incentives to motivate the team. Ferguson sold his leadership ideas, and his team, fans, and sponsors bought them. For example, when a member of the player recruitment department asked David Beckham to be 12 years old, many clubs were interested in signing him. However, in the end, it was only Ferguson who managed to sign him. To do this, Ferguson met Beckham's parents and siblings.<sup>14</sup> He wanted them to understand his background. On the one hand, he wanted to make the Beckham family feel that Manchester United really cared about not only the athlete but also the family as a unit. In addition, they invited Beckham to participate in the team's summer training and showed him the first team dressing room, and eventually succeeded in signing Beckham.

People often look at natural-born leaders as opposed to leaders who are trained and developed. Globally recognized authors, such as Edward Hess

and Peter Drucker, often posit that a leader has characteristics that separate him or her from managers.<sup>15,16</sup> Some leaders have an obsession with work and forfeit their personal lives. Some are always eager to win at any cost. This immersion of both work life and personal life is what we call work-life balance. Ferguson had passion in the workplace, and keen sense of motivation, and a belief that there is a chance for hope and prosperity.

Jim Clawson looks at passion as the highest level of buy-in.<sup>17,18</sup> The fact that Ferguson loves to work shows his passion. He inherited this passion from his parents. He believes that his immense passion for effort was learned from childhood. This is confirmed by Jim's level of childhood development. Jim feels that you inherit genes, you are exposed to family memes, and then you become educated in some way. This process affects how you function as an adult. Instilled in Ferguson as a child, he believes that the only way to improve life is through hard work and effort. This was emphasized to him as a child through love and care, memes, and challenging work. One meme instilled in him from his father:

***“If I had to choose between a talented person and a person with an iron will, I would always choose the latter.”<sup>19</sup>***

Ferguson believes that passion may be a prerequisite for leadership, but love is not enough for leadership. You need motivation to keep going. Sir Alex Ferguson defines motivation in three words:

***“Love for followers and customers and colleagues, focus on success and continuous improvement, and Invincibility, never let doubt set in.”<sup>20</sup>***

For example, Bryan Robson was one of the players who was always present in the team's attack; he was not afraid of getting injured at all and always tried with utmost concentration. Steve Bruce played in the center of the United defense. Bruce was not a fast player, but he was highly motivated. He was extremely focused and tried to compensate for his shortcomings with a lot of willpower. Ferguson believes:

***“I doubt that anyone can be a good leader without strong conviction and deep inner beliefs.”<sup>21</sup>***

Effective Communications: Ferguson understood and learned all aspects of football, but he never stopped learning. He effectively communicates often, with precision, and most importantly, with charisma. He never

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indulges in conversations that are negative. Positive psychologists found that people need four times more positive communication than negative dialogue. He speaks often to club owners, coaches, players, and the press with confidence, poise, and positivity. Ferguson learned the importance of such communication when he was manager of St. Mirren, when he failed in his role there. After that, he always maintained contact with his superiors. This led him to communicate up and down the hierarchy and keep an open system of dialogue to remain proactive.

When Alex was manager of Aberdeen, he befriended the club chairperson, Dick Donald, and they spoke to each other every day. In fact, the basis of Ferguson's success at Aberdeen and the ten trophies he won with this team was his successful relationship with the club chairperson. Ferguson also had a good relationship with the club chairperson at Manchester United. In his words:

***“The Manchester United managers are like a pipeline that transmits my ideas to the players; they allow my ideas to spread on the pitch.”<sup>22</sup>***

Ferguson tried to communicate his ideas very clearly and directly to the coaches. He wanted to make sure that the coaches understood him and that his ideas were fully conveyed to the players. He shared his thoughts with them and set positive psychology priorities for them.

Ferguson realizes that whoever he bonds with, whether executive or customer, he always feels that his most important and crucial interaction is with his players. He felt that his players, or any following under a great leader, should follow three basic premises:

- During the day-to-day activities in which followers are empowered. Ferguson uses empathy, gives them leeway to innovate and create, and keeps his conversations short and enthusiastic.
- On match days, Ferguson would only give his opinions and what he had learned about the opposing team to the players in the first half of the game, trying to make the game easier for them. But during games, he gave instructions to the players from the sidelines only when necessary.<sup>23</sup>
- In team meetings, he tried to maintain eye contact with them as much as possible. He always realized that support is more effective than criticism. Ferguson always delivered his criticism to his players with great tact. For example, he always waited for the players to calm down after the game, rather than criticizing them immediately after the game. He always presented his criticism as a form of encouragement,

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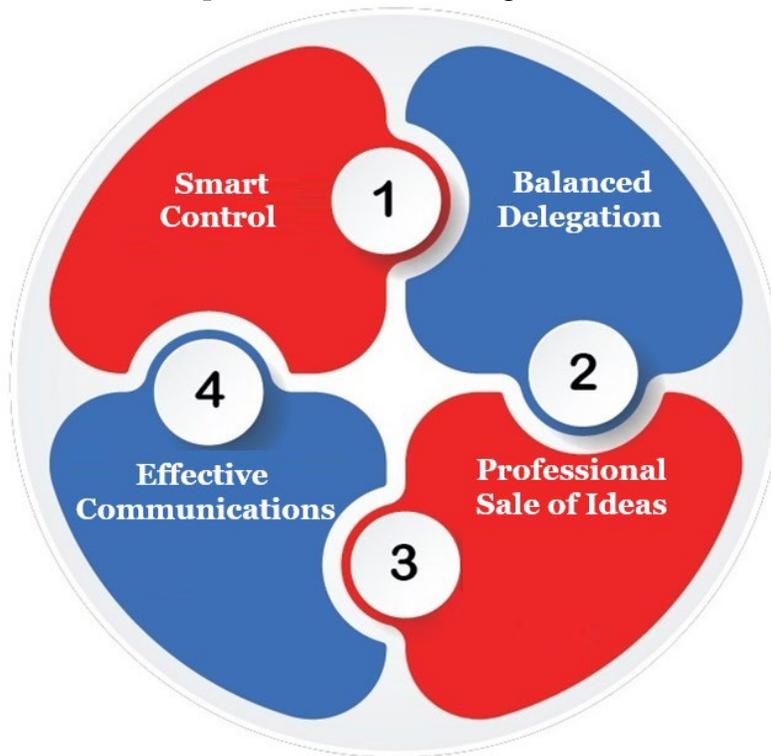
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telling the players what frustrated him, how valuable the player is, and what the player can do better. Ferguson believes that the two words "You're great" are the most powerful tool a manager has to get his players to perform at their best.<sup>24</sup>

One of the biggest challenges for executives is dealing with the press. Ferguson believes that the most important thing in dealing with the media is controlling your emotions. You have to be able to control your words and even your facial expressions. He always spoke to the press with prior notice and on his own terms. Ferguson was very selective in answering questions; if he felt that answering some questions might create a media atmosphere or cause unnecessary challenges, he deflected. He was strict and serious about the press, to the point that he would never allow media outlets that were marginalizing or spreading fabricated stories to attend Manchester United press conferences.

Figure 1 presents Alex Ferguson's formula for effective leadership, decoded for management scholars and practitioners. Particularly, this figure indicates that Alex Ferguson's leadership formula includes four key characteristics: smart control, balanced delegation, professional sale of ideas, and effective communications.

**Figure 1.** The Leadership Formula of Alex Ferguson at Manchester United



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Now, business leaders and CEOs worldwide can adopt these four leadership characteristics and implement Alex Ferguson's leadership formula to develop leadership more effectively within their companies. In summary, they can substantially improve their executive leadership performance by developing the best leadership practices, such as giving employees confidence and trust to control them more smartly, empowering followers coupled with supporting and inspiring them to delegate their tasks more effectively, and showing passion and keeping motivation for selling their own leadership ideas more professionally, and learning continuously coupled with maintaining eye contact with confidence, poise, and positivity, for communicating more successfully.

### In Conclusion

Leadership principles are always developed from experience and not in the classroom. Sir Alex summarizes his path to leadership success in four key leadership characteristics: smart control, balanced delegation, professional sale of ideas, and more effective communications. He was disciplined and consistent with an unobstructed vision, solid mission, and he always kept the end in mind when performing at peak experience. He prioritized with goal setting but remained flexible under pressure. In retirement, Sir Alex has had the advantage of being grateful for the successes he has achieved, rather than yearning for more trophies. As the most successful manager in the history of professional sports, he added 38 trophies to Manchester United's honors. This, he feels, is just platforms on a long, never-ending journey towards unattainable and indefinable peak-perfection.

### Authors

*Mostafa Sayyadi is an international management consultant. He works with senior business leaders to effectively develop innovation in organizations and helps organizations—from start-ups to the Fortune 100—succeed by improving the effectiveness of their leaders.*

*email: mostafasayyadi@gmail.com*

*Michael J. Provitera is a senior faculty professor of Management and Leadership, in the Andreas School of Business at Barry University, Miami, Florida, USA. He is the author of Level Up Leadership: Engaging Leaders for Success, published by Business Expert Press.*

*email: mprovitera@barry.edu*

*Joanna Seraphim is a professor of practice at IÉSEG School of Management in Paris, France. She holds a PhD degree in Anthropology from École des Hautes Études de Sciences Sociales, Paris. After training at Stanford University in AI, Design*

*Thinking, Innovation & Entrepreneurship*, Joanna started teaching these disciplines to students, entrepreneurs, and professionals. In parallel, she is an international management consultant. She works with big international companies, SMEs, public and cultural institutions, and startups.

email: [j.seraphim@ieseg.fr](mailto:j.seraphim@ieseg.fr)

Holly Latty-Mann is the retired president and co-founder of The Leadership Trust, Inc. She specializes in facilitating leadership workshops with a self-awareness focus, utilizing an extended holistic, integrative model designed to get at the root cause regarding what holds people back from extracting from themselves all that is possible in their lives. She performs comprehensive, customized leadership impact studies, corporate assessments, organizational development initiatives, on-site/off-site team-building workshops, and strategic culture studies for diverse businesses and industries.

email: [drlatty@leadershiptrust.org](mailto:drlatty@leadershiptrust.org)

Joaquim Vilà is a senior faculty professor and the Academic Director of IESE's Executive Education. He has worked as a research fellow at the Reginald H. Jones Center for Management Policy, Strategy, and Organization of the Wharton School, and as a research associate in the Management and Technology Program, also at Wharton.

email: [jvila@iese.edu](mailto:jvila@iese.edu)

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