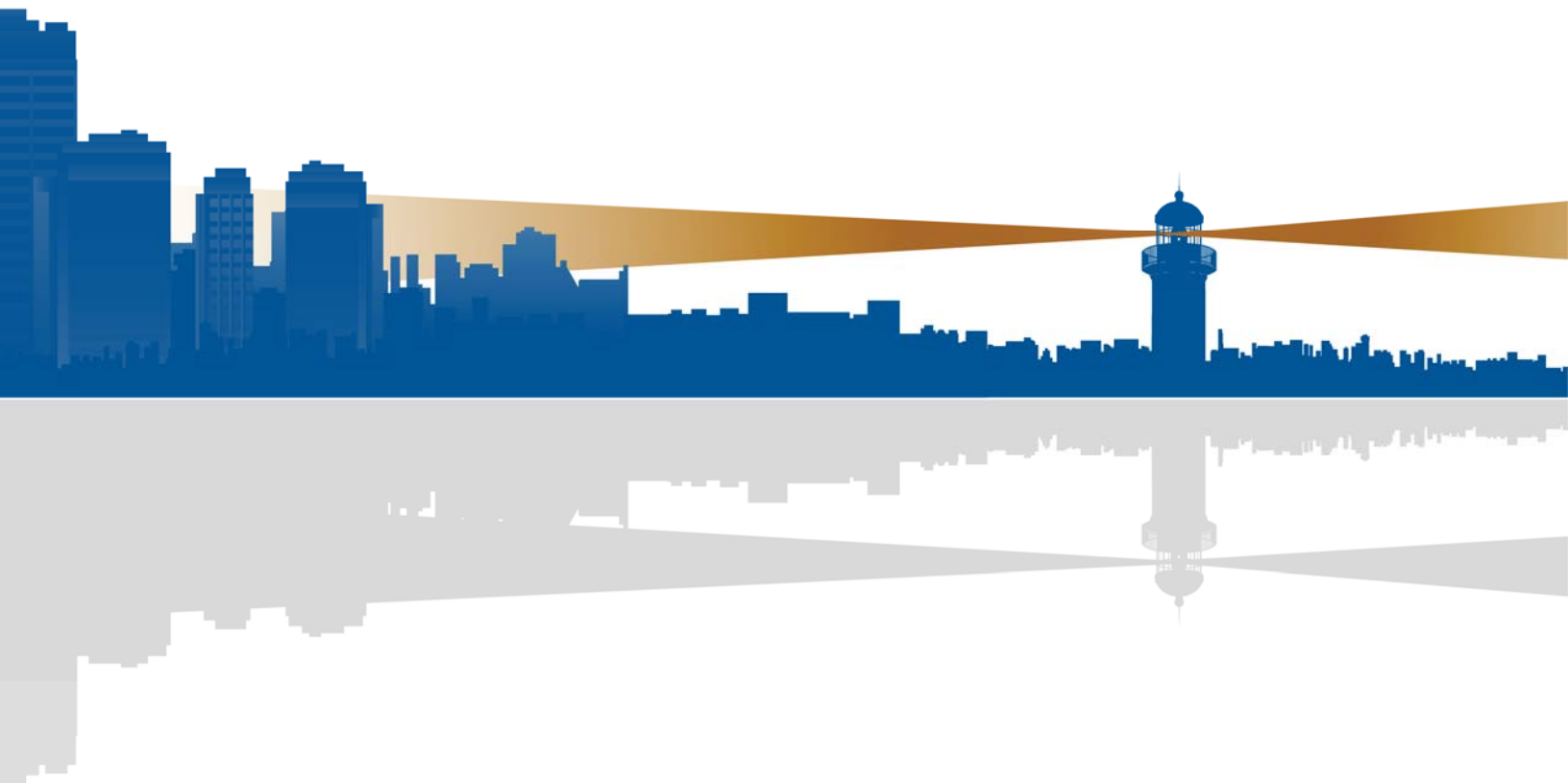# THE BEACON GROUP

Navigate the Future™

The Predictable Paths to Executive Failure

Issue 9 – Volume 2

Spring 2017

Our Quarterly Newsletter

In Our View ...

Every day, across the broad sweep of the global business landscape, we see breakdowns and failures in leadership. Senior executives who, at one time, were considered worthy of the trust of their superiors, find themselves facing the brutal consequences of their own failure. The toll is high on both the personal and professional levels.

The disease of executive failure is agnostic. It attacks all industries equally, and does not discriminate between the young and the old, the high tech and the low tech, the book smart and the street smart. It simply attacks when it is ready and, more often than not, it appears at a time of its own choosing, and certainly not when it is most convenient.

The question is:

- Can it be predicted and, if so, can it be avoided?

We believe the answer is YES to both questions!

In this issue, we have done our best to summarize our own views, combined with some excellent research undertaken by others over many years, including David L. Dotlich, Ram Charan and James Waldroop, and share it here as a form of preventive medicine. Having said that:

- There are no guarantees against a breakdown
- There is no assured immunization against this disease

However, there is a certain logic to failure, and we know it doesn't hit like a lightening bolt out of nowhere. In fact, we do know the common causes of failure in executives and, since knowledge is power, we are happy to share what we know on this subject in the hope it "saves" even just one lost executive soul.

Yours truly,

R. Douglas Williamson
President & CEO
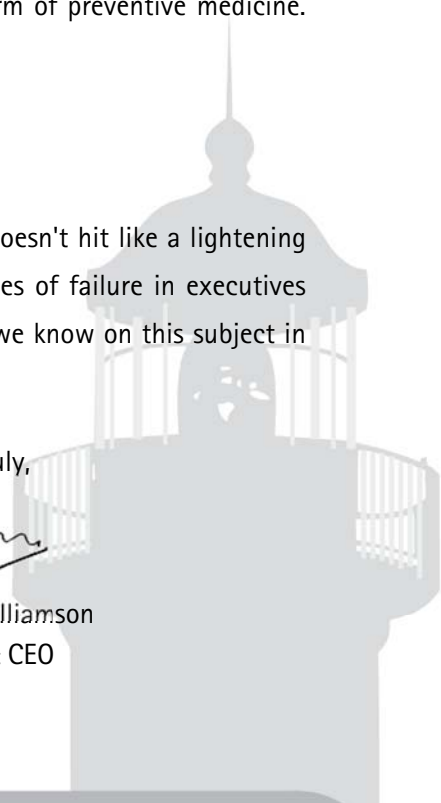
Unbridled Arrogance ...

Over time, a certain profile has emerged in the popular press of the "ideal" leader. Fearless, bold, charismatic and willing to show their muscles when they need to. While the profile has rightfully begun to come into question, as many of these types of leaders have crashed and burned in some very public ways, there are still some who hold this persona high as the epitome of "just what we need" to navigate in chaotic times.

We would question that premise and, in particular, would look to two subtypes of this as particularly acidic, harmful and worrying.

Rebel Looking for a Cause

- Business can certainly be a full contact sport – at times. The level of global competition is rising, and organizations have to fight harder and harder to ensure relevance in a rapidly changing landscape. However, that does not mean leaders should be picking battles just to prove their virility, and they should certainly not pick battles they cannot win. While an emotional appeal to "fight for a cause" might allow for a surge of adrenaline, it is not likely to be enough, on its own, to galvanize an organization for the long-term, heavy lifting.

Pushing Too Hard

- Arrogance, and even bully like behavior, comes across when impossible goals and targets are set by a leader who is detached from reality and can only wield the stick of fear and intimidation. This leader sets his/her people up for failure and misery and, while Darwin and his survival of the fittest has some appeal to certain leaders, this approach will not typically create the willing followers required for a sustainable level of reliable business performance.

Excessive Volatility ...

The markets can certainly be volatile enough on their own, so it is hard to understand why some leaders feel adding their own level of personal volatility into the mix is, in some way, a smart response. It is not, and we cannot imagine a scenario in which it might be, even for a short period of time.

Despite this, we still see far too many executives who seem to have no ability whatsoever to control their own emotional thermostat. As a result, they become so unpredictable that the only thing people can count on is the unpredictability itself. These are the types of leaders who create daily angst, and who actually believe part of their job is to "keep people sharp and on their toes". Two subtypes appear with some alarming frequency.

Fear in the Driver's Seat

- We have all seen how fear can help focus the mind and channel energy, but it is good only in short bursts and only as a tool to protect ourselves when we are caught off guard. Quite frankly, as a form of leadership it sucks, but it sure is popular and it is the default for still far too many leaders. Simply put, there is nothing redeeming in managing through fear, and the costs and consequences are far too high to meet the test of any responsible organization.

Emotionally Tone Deaf

- While fear is certainly bad, its equally harmful cousin "deafness" is not so great either. The fact is, a leader who cannot, or will not, tune in to the mood, the vibe or the soul of their people, is culpable for perpetrating a crime against their own organization. When a leader is immune to the signals coming from the body of the organization, they are very likely to miss the clues that suggest risky gaps in capability and, therefore, execution.
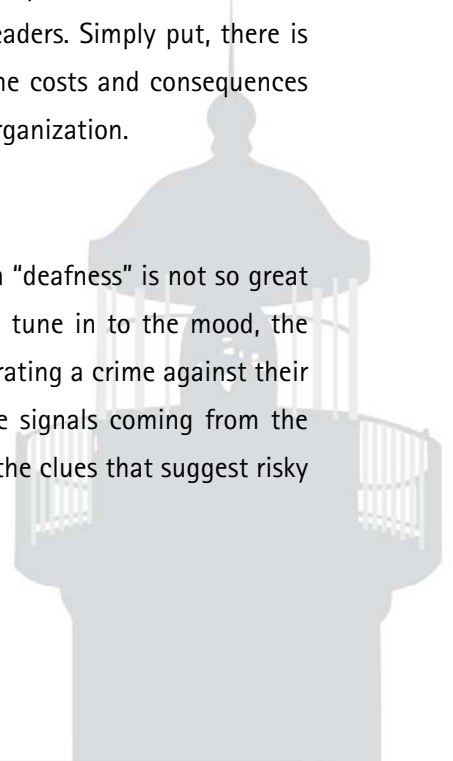
Habitual Distrust ...

One of the most common themes we hear from almost all of the organizations we know, centers around the issue of trust or, more accurately, the lack of trust people feel. We know some people withhold their trust of others until it is earned, while others trust openly and easily until there is a reason to withdraw it, but all types of people suffer when there is a lack of trust in the organization.

The leader or executive who suffers from habitual and deep distrust of others has a very, very debilitating impact on their organization, and will never be able to get the most out of the people around them. Their logic is so flawed, it is almost impossible to imagine what they can possibly be thinking. Two subtypes are prevalent.

Excessive Caution

- In a world where some people believe danger lurks around every corner, it might seem reasonable to be "on guard", but in business excessive caution is a sure recipe for failure at the institutional level. It is also a recipe for failure at the personal level and almost certainly will result, at some point, in the leader having to come to terms with the consequences of their fears. Caution is one thing, but taken to an extreme it perhaps indicates the leader should not be in the world of business at all – because risk is part of what business thrives on.

Conflict Avoidance

- A somewhat softer version of habitual distrust reveals itself in people who shy away from any form of tension, conflict, argument or disagreement. In effect, they live in an unreal place in which their blissful dreams of harmony, and their ostrich like naiveté about how people interact, make them virtually worthless. In a world where tension is the fuel for creativity and breakthrough thinking, the person who parks themselves in the neighbourhood of conflict avoidance, rather than mastering the tools necessary to maximize tension, is someone who will inevitably fail as a leader or executive.

Lack of Boundaries ...

A well-oiled, organized and sustainably high performing enterprise requires boundaries, not to choke and constrain people, but to help keep people and priorities focused. In the same way, cultural and behavioural expectations need to be set within a framework that people can rely upon and trust. When one individual or group consistently violates those boundaries, we can find ourselves very quickly drifting into anarchy or dysfunction.

Executives who do not respect the norms are destined to put themselves at risk, which is their choice, of course, but when they put an entire organization at risk, that is another thing and it cannot be tolerated. Two sub types are all too often seen.

Running Roughshod

- This is more than the typical rantings and ravings of a bully, the executive who wields his or her club of authority simply to show "who is in charge" or "who is the smartest person in the room". The more severe form of this malady is about subjugating people in order to always get their way, to short circuit good process and cut corners on every front. Psychologically speaking, these are signs of a person on a suicide mission with no regard for themselves or others.

Always Swinging for the Fence

- This is a somewhat subtler form of the no boundaries persona, and is most seen in the executive who stretches too far. Rather than take normal risk in their actions and decision making, they always push right up against the line, and reveal a hero type complex by showing-off, bragging, and over committing. Unfortunately, more often than not, they fail. The bravado can appeal to many bosses who admire their ambition and spirit but, unless their batting average over time is well over .500, this person is more likely than not to flame out.
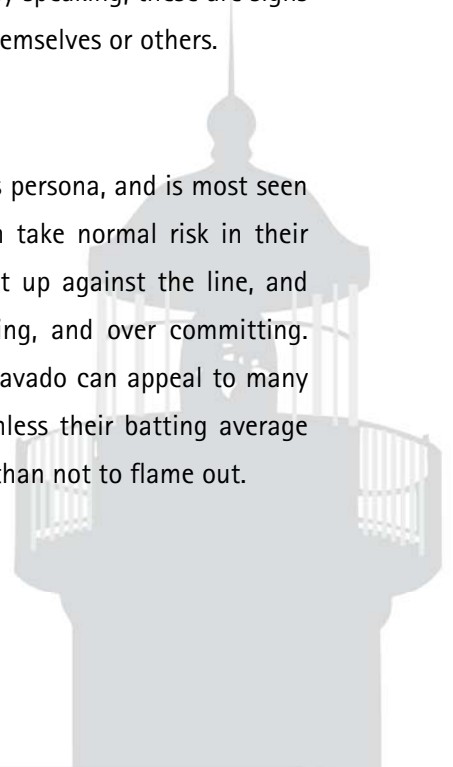
Eccentric Narcissism ...

The dictionary defines narcissism as "excessive interest or fascination in oneself, vanity, excessive self love", and eccentricity as "an oddity, peculiarity or the deviation from an established pattern or norm". Forgetting one obvious well known executive with these traits, the fact is they live on in many other leaders well below the Commander in Chief.

This persona is much more than someone who is just short of Emotional Intelligence (EQ). This is a full-blown distortion of reality that can put an entire organization at risk because the eccentric narcissist can only tolerate a team around him/her that is willing to be equally adoring and never push back. As a result, there are very few checks and balances, and these leaders grow to become even more extreme versions of themselves over time - until it all comes crashing down, taking others in its wake.

Mischievousness

- In the hope there are not too many leaders out there with the toxic combination of traits discussed above, it is probably fairer to focus on the "lighter" versions. This would include the leader who seeks thrills from acting in ways which are solely intended to catch people off guard, so they can enjoy watching them squirm. This pot stirring, outlandish, rabble-rouser persona is very common and, the fact is, many organizations showcase these individuals.

Aloofness

- The exact opposite of the "showboat" is the leader who operates from behind a magical curtain. Like Merlin, their faces are not seen, but they pull the levers from the shadows and are unwilling to move amongst their people. This is quite different from the simple introvert, this is more a person who wants distance from others so they can act in more harmful and even vindictive ways.

Impossible Perfectionism ...

Since we live in a beautifully imperfect and evidently unpredictable world, it is hard to imagine why any leader would pursue perfection as the mantra for how they choose to run their organization. It simply makes no sense. It is a mug's game to pursue something well beyond anyone's reach and impossible to achieve no matter how hard you try.

Certainly, the pursuit of perfection has intrinsic appeal, and maybe even a worthy moral purpose, but when the path to perfection can only be achieved by shrinking boundaries and narrowing the focus, you can only hope to achieve safe and mediocre results. The more difficult and complex challenge for leaders is to know how much uncertainty they can tolerate and accept on one hand, and live with something less that perfection, while also pursing better, bigger, faster and newer on an ongoing basis.

Black and White

- Seeing the world only in monochrome must be painfully boring. When leaders find themselves trapped in the black or white choice continuum, they almost assuredly are setting in motion a value chain that can only lead to sub-optimal decisions and sub-optimal results. In today's world, it would be complete and utter folly for any leader to not get comfortable in the grey, and watch very carefully for those around them that are color blind.

All Facts – No Intuition

- We have all worked for leaders who send us back to the well, time and time again, to collect even more facts and more evidence for a decision or a proposal we are putting forward. It is as though they believe the answer is in the data, rather than the insight we gain from the data. Facts are important - to a point. That point is where the Executive Brain is meant to kick in, and the sum total of wisdom, experience and intuition all come together to drive results.
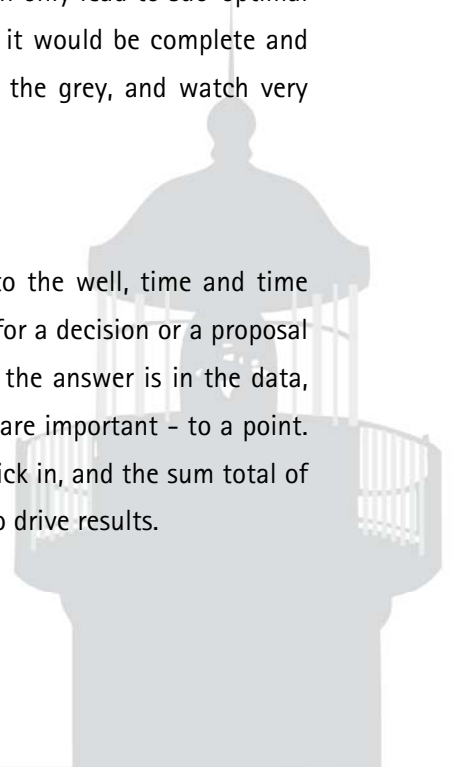
Passive Aggression ...

Mental health is a big issue in our society today, and far too many people suffer in ways we simply cannot imagine. The torture of their illness is debilitating, and yet society still imposes a stigma that buries these people, and their issues, even further down the list of humanitarian priorities. Organizations are made up of people, and so we can assume they are, for the most part, representative of the broader community.

Hopefully, organizations take steps to help employees with severe conditions through their EAP programs, but what about the softer types of psychological torment that come across in borderline personalities who are in positions of power and authority. In our work, we often see two types of passive aggressive personality disorders.

Bomb Throwing

- In any organization, there will inevitably be people who disagree with decisions made or directions taken. However, there is a right way and a wrong way to voice dissent and/or disagreement, and it is never to hide behind a wall and throw a Molotov cocktail. If a leader cannot come through the front door and address their differences face-to-face, in a transparent manner, then we have sown the seeds for organizational terrorism and, when that happens, we know that innocent people get hurt.

Booby Traps

- A more insidious phenomena is when an executive intentionally puts traps in the way of an organizational decision for the sole intention of watching how it causes things to blow up. These can come across as withholding information, distorting the facts, misleading research, bad data, inaccurate reporting or outright sabotage. None are good. None are acceptable.

Reckless Melodrama ...

Emotion is everywhere in life, and in business. It comes in many forms, and the range of emotions we see is vast. When used in any organization to spur innovation and/or drive motivation, it can be a very good thing.

On the other hand, when the emotional undercurrent turns to the dark side, it can become very damaging, and often the effects are not seen or felt right away. More often than not, it goes underground for quite a long while before it explodes. Executives who either cannot or choose not to master their mood, and the impact it has on others, put everyone including themselves at risk. The consequences are very seldom positive.

Wild Mood Swings

- Bi-polar disorder is a serious thing, but it comes in a variety of forms and degrees of severity. In organizational life, employees deserve a certain dependability in their executive leaders, and the volatile executive who can swing from friend to foe at the drop of a hat is a very worrying individual. The issue here is one of judgment and, if the executive's judgment is impaired by regular mood swings, they cannot be counted on when it matters most.

Too Eager to Please

- Equally dangerous is the executive leader who, because of their own emotional fragility, is prone to over promising and under delivering; gilding the lily with a fear of sharing bad news or drizzling praise on others to gain their respect and admiration. In the rough and tumble of organizational life today, one can reasonably question the value of an executive who is too eager to please and does not have the strength of character to lean in, step up or speak out.
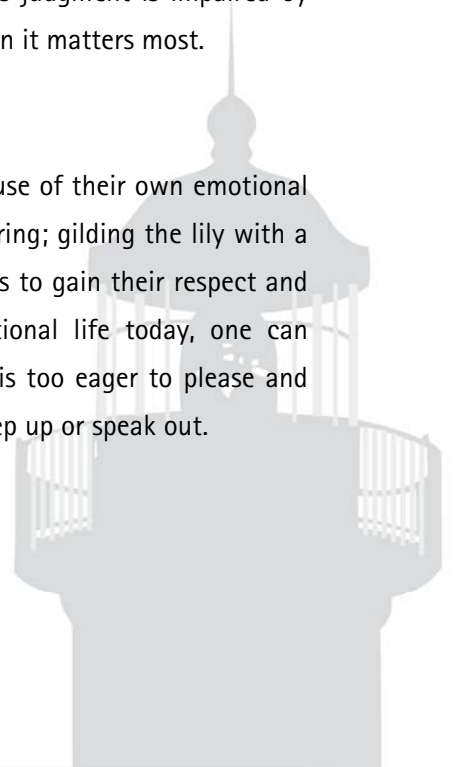
Steps to Take :: Actions to Consider

There is always a cost to failure in business. Some would argue that without some level of failure, you are simply not trying hard enough. We would tend to agree with that point of view in general, but not when it comes to failures that are predictable, inevitable and, therefore, avoidable.

This is very much the case when it comes to the failure of executive leaders - those who have been entrusted with the oversight and direction of others. When they fail, the cost and consequence falls not just on their own shoulders, which is bad enough, but it has a collateral damage impact on others, usually the innocent. Moreover, much of the damage is done before the failure becomes evident, and there is no way of knowing what the costs are over time and leading up to the point of failure.

In our view, it is incumbent upon the senior leaders of any organization to take the proactive steps necessary to ensure they are not exposing their organization to the risks inherent in the many known and predictable paths to executive failure. It is not good enough to have policies and practices in place to "clean up the mess" once it has happened, you need to get ahead of the issue.

Here are some of the things you should consider.

Conduct a Values Audit

In a world in which governance writ-large has become a larger and more important issue, it would be wise to have an objective third party review your policies and practices on organizational values, and recommend changes if needed. We know a key pillar of any truly high performing organization is a clear set of human capital tools which hold people accountable to a certain set of non-negotiable behaviours.

Perform an Organizational DNA Assessment

It is vital senior executives know, in very precise terms, what the body of the organization is seeing and feeling when it comes to the collective behaviours of its leaders. An organization effectively choses whether it will have a healthy or an unhealthy culture, and it does so by the emphasis it puts on how people are treated, how they are led, what they believe, what they perceive and how credible the leadership team is. Great organizations are not afraid to face the truth and, therefore, search it out using very direct assessments.

Insist on 360° Feedback Assessments

As important as collective behaviours and cultural norms are across the broad body of an organization, leadership is a person to person relationship. This is where the seeds of success or failure are sown. As a result, there is no better way to catch the early warning signs of executive failure than by ensuring your leaders are subjected to the rigor of intense 360° Feedback. The cost of executive failure is high, but the cost of not identifying and addressing it ahead of time is even worse.

Get Real With Consequences

People judge organizations, and their leaders, by their actions and their non-actions. If your organization tolerates even one of the executive failure personas summarized here, then the credibility of the entire organization is put in jeopardy. All too often, the easiest thing to do is ignore a problem, or rationalize it or deal with it through limp performance conversations. Those organization who are good custodians of their culture and their brand take bold, proactive steps and get tough.
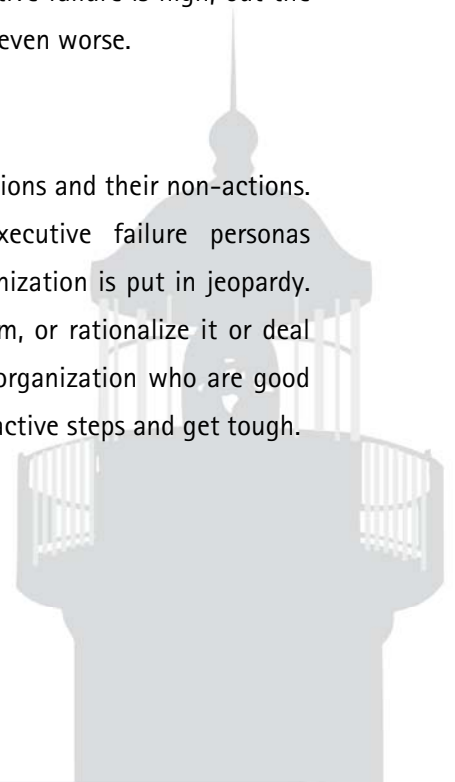
The Beacon Group ...

We are a Canadian based professional services consulting firm supporting a diverse portfolio of clients throughout North America and around the world. We work with senior leadership teams in all sectors and industries, in the development of their organizational strategies and in leveraging their human capital.

We advise senior leaders on <u>how</u> to transform their culture, improve performance and build effective leadership capability at all levels. We help:

Identify critical gaps – which impact organizational and leadership effectiveness

Facilitate crucial conversations – in a direct, "straight talk" manner

Align resources – to achieve sustainable high performance

Develop talent – in order to navigate the future

Our practice is divided into four main areas of expertise.

OUR MISSION :: BUILDING THE HIGH PERFORMANCE ORGANIZATION OF THE FUTURE			
ORGANIZATIONAL TRANSFORMATION		LEADERSHIP DEVELOPMENT	
FACILITATION	**ORGANIZATIONAL ASSESSMENTS**	**INDIVIDUAL ASSESSMENTS**	**DEVELOPMENT**
We facilitate...	*We provide assessments of...*	*We design and deliver...*	*We provide...*
Leadership Team Offsites	Cultural Effectiveness	360° Feedback	Executive Development
Strategic Planning	Employee Engagement	Talent Assessments	Management Training
Competency Design	Team Effectiveness	Individual Profiles	Executive Coaching

Our Point of View ...

Times have changed.

Organizations are facing difficult and complex challenges.

Leaders are being asked to make different choices to confront crucial problems.

In times of turbulence and uncertainty, The Beacon Group helps organizations navigate the future. We help senior leaders redefine their strategic ambition and identify the stubborn barriers that are getting in the way. We help them reimagine a new path and then support them as they take practical steps to enhance performance, improve effectiveness and achieve new levels of sustained excellence.

Our Promises ...

We Believe – mindsets, attitudes, behaviour and character matter and that clear, consistent and authentic relationships are at the very heart of any "Trusted Partnership" with a client.

We Commit – to being a progressive, passionate, customer driven partner. We are thought leaders who are not only responsive, but agile as well.

We Support – progressive leaders and ambitious organizations in transforming business performance, organizational culture and leadership potential.

We Partner – with senior leaders to help create robust strategies, solid frameworks and pragmatic solutions to their most difficult challenges and intriguing opportunities.

We Achieve – results that make a difference and allow our clients to lead with confidence, and execute with clarity and accountability.

Organizational Transformation I Leadership Development