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LEADERSHIP EFFECTIVENESS

WHY SMART LEADERS FAIL

A stand-out executive returning to China after many years abroad misreads the degree to which his past market experience is outdated.

Confident that her performance in past roles will translate into quick success in a new job, a new leader sets off to get a fast start and make her mark on the business, in the process breaking unwritten rules in a culture that values cooperation and deliberation.

A “change agent” is hired with much fanfare, but quickly hits resistance when trying to execute the plans, even though they are supported by the board.

Why did these smart leaders fail?

Examples abound of successful, promising leaders falling short when they are placed in a new role, take on expanded responsibilities, face new expectations or find themselves in a different culture. Why do these proven, otherwise smart and talented executives fail in these situations?

Some professional wounds are self-inflicted; others, the result of a mutual breakdown between the organization and the individual — poor role definition or a cultural mismatch, for example. Drawing on our own observations and conversations with senior business executives and human resources leaders, we explore the five most common reasons smart leaders fail and consider ways individuals and their companies can avoid the most damaging mistakes.

Misaligned expectations

The peril of misaligned expectations is especially acute in transitions to a new job or company. This can happen when a role is poorly defined or the skill-set required to be successful in the position is not fully understood — setting up the executive without these critical skills to fail. A multinational company may be setting up a new country executive to fail, for example, if success in the role is not defined in advance — whether that is simply executing the strategies and plans established in headquarters or having the entrepreneurial freedom to build the business in that market.

Another landmine for executives transitioning to a new company: not recognizing or agreeing on the pace of transition. In some organizations, the traditional "90-day" transition is obsolete; new leaders must find a way to make important decisions and have an impact within 30 days or risk being seen as ineffective. In others, new leaders are encouraged to spend several months getting to know the organization, building relationships and learning the business; making decisions too early in these situations can backfire.

Expectations can fall out of alignment when the needs of the business change, but the leader does not recognize or respond to these changes. Companies can be slow to replace an executive when the business suddenly calls for a leader with different skills — for example, in a merger or acquisition when the scope and scale of a job can expand dramatically. As one senior HR leader explained, "When an executive's competencies are misaligned, this can be a source of failure for otherwise strong executives. Some leaders are great for growth environments; some are great for restructuring." And in modern matrix organizational structures, executives might have to meet the varying expectations and accommodate the different work styles of multiple bosses.

Many of these situations can be avoided by investing sufficient time upfront identifying the skills that are critical for success in a role and using the recruiting period to carefully evaluate mutual expectations about the responsibilities, pace and culture.

Failing to adapt

Another pitfall for many smart leaders is assuming that excellence in their field is enough to propel them to ever-loftier career heights. Technical excellence and specialized business knowledge are important drivers of professional success, but increasingly these are not enough to win and succeed in larger, more complex roles. Even the smartest functional or business leaders will hit a ceiling if they do not cultivate broad leadership skills and knowledge of the drivers of the business.

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HR leaders frequently tell us that weakness in these areas continues to be a barrier for many otherwise promising professionals, who are unable to evolve into strong managers because they are too narrowly focused. To prepare for more complex roles, individuals must expand their knowledge of the business and the industry, build relationships across functions and develop strong leadership skills.

Executives taking on new responsibilities or moving into a new job within an organization often fail to recognize that the skills that they relied on to be effective in a different or narrower role may be counterproductive in the new context. "I can think of very specific instances where what caused someone to be successful in one role caused the individual to struggle in another, for example, moving from managing a small team of high-level professionals to overseeing a large organization with multiple layers," said one HR executive. "If you don't evolve and create a different kind of operating rhythm and new ways of interacting with the organization, and perfect the way you communicate, you won't be successful."

A particular challenge for senior leaders who are moving into the CEO role for the first time is learning to operate in an environment with a great deal of ambiguity and many unknowns. The issues a CEO faces are more complex; their decisions have broader impact and often have to be made with less information and with less time to deliberate. "The biggest issue in moving from country head or divisional head — however large the businesses may be — to group CEO is dealing with ambiguity and, in fact, reveling in ambiguity," an experienced CEO told us. That may mean allowing the creative people to play with an idea for a little bit longer, allowing some innovation to evolve or dealing with the concept of "frenemy," where another company may be an ally in one meeting and an enemy in the next meeting. "It's like driving a really fast car and being prepared to go an extra 50 yards before you put your foot on the brake. All of these things reflect the level of complexity and ambiguity that you don't have in virtually any other role."

For many, evolving to a new or different role may mean abandoning a way of working that has been successful in the past or challenging themselves to suppress their instincts. "Overachievers can struggle to go from leader to learner or from leader to listener," another senior HR leader explained. "I tell new executives that when you come to our organization, you need to do the hardest thing you've ever had to do, and that is shut up and listen."

More broadly, as the traditional command-and-control model with its strict hierarchies and top-down communication gives way to more horizontal and flexible organizational structures, executives at all levels are being called on to manage differently. Leaders today are expected to be humble, self-aware and transparent and be able to create environments where employees feel they are heard and their contributions make a difference and are valued. Individuals who cannot make the transition are likely to struggle.

Underestimating the power of relationships

The network of relationships leaders build over the course of a career can be a tremendous asset in driving professional success, and increasingly an executive's success is directly related to the way he or she interacts with superiors, peers and direct reports. When individuals work well with others and have positive professional relationships, other people will tell them what's going on, warn them about potential challenges or landmines, and tolerate their mistakes. These leaders are more likely to hear about opportunities, receive valuable references and gain advice at key moments in their careers.

Bad professional behavior, on the other hand, also has consequences. Individuals who make themselves look good at the expense of others, are rude or unappreciative of the contributions of others, or don't carry their weight in group efforts risk alienating people who can help or hurt them professionally. Similarly, managers won't be effective if they are unwilling to delegate, share information or listen to others' opinions.

And these behaviors can have lasting consequences for one's career. People will remember you — no matter how long ago you worked with them. Some worlds are especially tight and well-connected. In private equity, for example, people talk, and an individual's reputation spreads quickly and widely. Those memories can have a lasting effect in the form of a disparaging word to a hiring manager or a less-than-glowing recommendation.

So important are relationships that some organizations require new executives to spend their first 90 days meeting people, listening and building relationships. At one U.S.-based retail brokerage firm, the 90-day assimilation plan for senior executives is heavily focused on relationship building. "We spend a lot of time saying, 'Who do you need to meet? Why do you need to meet that person? What do you want to cover?'" the firm's senior HR leader explained. "I'll sit down with a new EVP and say, 'Here are all the people we've put on your calendar for the next month. Let's spend a few minutes going through why and what you want to get from them.'"

Lack of self-awareness

Individuals whose egos keep them from listening to the concerns of others or who lack self-awareness about their own strengths and weaknesses also are likely to stumble at some point along the career path. Executives who appear uninterested in the opinions of others or threatened by questions or constructive feedback can be perceived as stubborn, uncooperative or insecure. And reacting negatively to the ideas and opinions of colleagues can isolate executives from others in the organization and discourage others from raising issues or providing helpful feedback in the future.

High-achievers can be particularly prone to some of these behaviors, HR leaders say, because taking time to listen to others' ideas may feel like an additional roadblock to completing a project or initiative. "C-suite executives have a high degree of confidence, so they always have to try to listen because it's always going to be a chore," said one.

At its most extreme, this behavior can take the form of dismissing direct feedback about what it takes to be effective in the organization. One executive we spoke with recalled the failure of a leader new to the organization, despite the company's efforts to help him assimilate: "From my perspective, it was clearly a lack of self-awareness. There was a complete discounting of feedback and coaching about how to be successful in our organization — the things you have to pay attention to, the people who can help you with this process."

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What else can go wrong?

The five reasons we have outlined account for most of the failures to succeed in new or expanded roles or in different cultures, but there are others.

Hiding mistakes or problems: First-time CEOs can fall into this trap, believing that they shouldn't make any mistakes or be seen by the board as having made a mistake. In their desire to present the best possible picture to the board, these CEOs can lose the opportunity to draw on directors' experience in addressing problems that arise. Of course, this isn't a problem unique to CEOs; other leaders may gloss over important issues with their bosses or colleagues.

Overestimating the importance of a specific relationship: Relationships are important to success, but some executives can make the mistake of overestimating the value of a specific relationship — to the detriment of others. The newly hired direct reports of a new CEO, for example, can overestimate the value of their bond with the CEO in terms of their ability to be successful and not spend enough time with the existing culture of the company to make sure expectations are aligned.

Overlooking organizational politics: Executives who are skilled in this area understand and effectively navigate the political dynamics of the organization, without operating in an overtly political way. Those who are not may find themselves being blindsided by criticism or opposition to initiatives they are leading. To be successful, executives should strive to build broad coalitions and quickly determine who the culture carriers in an organization are and where they can go to get information about how things really work.

Mishandling a difficult boss: Difficult bosses come in different forms. Some refuse to delegate. Others provide unclear direction about priorities or plans. Some undercut their direct reports in other ways, for example, circumventing the chain of command. These situations can be particularly challenging for executives in family companies, where the boss may be the owner of the company. Concerned primarily about the success of the business, many of these bosses appreciate being challenged when their actions are disruptive to the organization — if it's done in the right way. Staying calm, focusing on the repercussions to the business, and approaching the difficult boss in a neutral place — outside the office, for example — and at the right time can help these conversations go more smoothly and, ultimately, be more effective.

Hanging on to the past: Smart leaders are hired for their experience and knowledge gained in previous roles — either at another company or in another part of the business. A quick way to alienate others in your new organization, however, is to continually remind people of the fact by talking about previous roles and how things were done at your old company or team.

Hanging on too long: Finally, when smart leaders find themselves in a situation that they cannot improve — a cultural mismatch that can't be overcome or expectations that are strikingly out of sync, for example — it is often better to make a change quickly, within the first year, rather than to continue to hold out hope that the situation will get better.

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Insensitivity to different work styles and communication styles and the inability to listen can be particularly damaging to individuals who are tapped to work in a different culture. As one executive summed up, "Arrogance does not allow you to learn from others' experience."

Executives who cultivate self-awareness are conscious of the different work styles and communication styles of others. They listen to other people's ideas and concerns without feeling threatened or shutting down discussion. They also review how their own work or communication styles are perceived and make adjustments if necessary. They are able to look back on their prior experience, accurately assess their performance and apply their takeaways to evolve as a leader. They attend to their mental health and general well-being, understanding that taking time to rebalance is essential for being able to make good judgments and being an effective leader.

Cultural mismatch

Poor cultural fit, even more than an individual's skills or capabilities, cause smart leaders to fail when they move to a new organization. As one CEO put it, "the single element that people just completely and utterly misjudge or underweight is a cultural mismatch." In fact, when the cultural fit is off, the executive is likely to be rejected, even if he or she has all the right skills and experience. Once this happens, the executive's ability to be effective is hobbled; he or she is excluded from key meetings; subordinates circumvent the new leader to go to the old one; and critical comments circulate — "He just doesn't get it." Meanwhile, the new executive finds himself or herself unwittingly breaking the organization's unwritten rules. Conversely, if the cultural fit is sound, the individual is likely to get the support he or she needs to make up for any deficiencies in capabilities.

Knowing how important cultural fit is to an executive's success — and how costly a mismatch is to the organization from a financial perspective and an opportunity cost point of view — how does this happen?

A cultural mismatch may be the result of lax due diligence during the recruitment process, by both parties, or the organization may have simply underestimated the cultural barriers to assimilating a new person. One scenario that's ripe for a culture clash is the arrival of a "change agent." An organization may invest a new leader with an agenda for change, but set him or her up to fail if there is not broad support for that change.

Sometimes a smart leader simply fails to adapt, whether to a different intensity and pace, new pressures and expectations, or behaviors and work styles, often assuming that his or her own skills trump everything else. "Someone might say, 'I'm just operating the way I've always operated,'" explained one executive, "but if you come from a company where there is a very different set of cultural norms and you don't understand that the cultural norms here are different, which could be because of a lack of self-awareness or an inability to operate any other way, that is a big driver of failure."

Organizations can minimize the chances of a bad fit first by evaluating an individual's past experience with an eye to whether they have adapted successfully to different cultural environments and by being very direct with new hires about what it takes to be successful in the organization and, importantly, what doesn't work. "These may be things that they will figure out over time, but why leave it to chance?" said one HR leader.

Deliberate onboarding also is important. Some organizations match new executives with a leader who has a similar personality and profile, who can help them be aware of and navigate potential cultural landmines. Others make use of feedback from detailed executive assessments, which can highlight areas where the individual's personal style could clash with the organization, and encourage new executives and their bosses to agree on expectations about the pace and the purpose of the transition period.

About the authors

William Alexander, London, is the global leader of the Technology, Communications & Media Practice. Pablo Bernad, Barcelona, is a member of the firm's global Industrial and Technology, Communications & Media practices. Ignacio Marseillan, Buenos Aires, is a member of the Industrial, Financial Services and Consumer practices and is also active with the firm's Board Services Practice in Latin America. Karen D. Quint, San Francisco, is a member of the Financial Officer Practice. Victoria Xiang, Shanghai, leads the Life Sciences Practice in the Asia Pacific region and also is a member of the firm's Industrial Practice.

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