**Chapter 16**

The Dark Side of Leadership

Introduction

Back in May 2005, one of the authors of this book was on a flight from Columbus, Ohio, to Minneapolis, Minnesota. Northwest Airlines Flight 1495 had a heavy passenger load and a crew of two pilots and three flight attendants. The two-hour flight seemed routine, but upon landing the author noticed the runway was lined with ambulances and fire trucks. The plane taxied off the runway and stopped some distance short of the gate. After waiting five minutes, one of the pilots got on the intercom and announced, “The plane has experienced a systems malfunction.” The pilots and flight attendants did not say anything more, and about five minutes later the DC-9 began moving again.

The DC-9 had been traveling about 10 seconds when suddenly a loud boom filled the cabin and the plane came to an abrupt stop. Passengers were thrown violently forward in their seats, but luckily everyone was still wearing their seatbelts. The author and other passengers had assumed the plane was taxiing to its gate, but a look out the window showed that the DC-9 had collided with another aircraft. Apparently the pilots of the DC-9 had left the engines running and the plane had experienced a hydraulics failure, which caused it to lose all steering and braking capabilities. The DC-9 collided with a Northwest Airlines A-319 that was being pushed back from its gate, and the wing of the A-319 peeled back the first 10 feet of the roof of the DC-9 during the collision.

After the plane had stopped, the lead flight attendant unbuckled her seat belt and started running up and down the aisle yelling, “Assume the crash position! Assume the crash position!” The passengers were wondering how putting our heads between our knees was going to help when the plane had already come to a stop, but we dutifully complied with the flight attendant’s request. After two to three minutes of running up and down the aisle and barking orders, the lead flight attendant hyperventilated and collapsed in a heap behind the first-class bulkhead. The two remaining flight attendants then got out of their seats to check on the lead flight attendant.

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Most of the passengers started easing out of the crash position and began looking to the other flight attendants for guidance on what to do, but none was forthcoming. The author then got up and went to the cockpit door because he could tell that the wing of the A-319 had come in through the cockpit, and he was concerned about the pilots. He asked the pilots whether they needed any help, and one of them meekly replied that they needed medical attention. The author tried to open the door, but the door reinforcements added after 9/11 made it impossible to get in.

As the author was tugging on the cockpit door handle, he could overhear the two flight attendants discussing whether they should deplane the aircraft. One attendant asked, “Should we keep them on or get them off?” The other attendant replied, “I don’t know, what do you think?” This conversation continued for three to four minutes, with the lead flight attendant still whispering in the background, “Assume the crash position. Assume the crash position.” During this time one of the flight attendants came up to the cockpit door and asked the pilots what to do, but there was no response. She then went back to attend to the lead flight attendant.

At this time the author noticed that jet fuel from the wing of the A-319 had leaked into the cockpit of the DC-9 and had seeped into the first-class cabin. He realized that his shoes and pants were covered in jet fuel and an errant spark would light up two planes full of people. He then turned and yelled at the flight attendants, “I am standing in jet fuel. Get everyone off the plane. NOW!” The two coherent flight attendants got up and proceeded to hustle everyone off the plane using the DC-9’s rear exit. Being in the front of the cabin at the cockpit door, the author was the last in line to get off the plane. You can imagine how happy he was to see passengers at the rear of the aircraft taking the time to open the overhead bins and retrieve their luggage while he was standing in jet fuel. The flight attendants did not intervene more than giving some mild reminders to passengers to just exit the aircraft and leave the luggage behind.

All the passengers from both aircraft escaped with only a few minor injuries. The flight attendants were okay; the two DC-9 pilots needed some medical attention but were released the next day. But this incident provides several vivid examples of failures in leadership. The pilots failed to warn the passengers of the impending collision and did not use the thrust reversers to stop the plane. The lead flight attendant’s instructions to assume the crash position after the plane was at a complete stop and then collapsing two to three minutes later did not instill confidence. The other two flight attendants needed to step into a leadership role and take over the situation but were unable to make a decision or tell passengers what to do. Northwest Airlines failed by having standard operating procedures (SOPs) that instructed pilots to leave the engines running in the event of an aircraft hydraulics failure. Instead the SOP should have instructed pilots to shut down the engines and have the plane towed to a gate. The airline also failed when the author called in several times offering to describe the incident in order to improve training and was ignored. Later he learned that the airline formally rewarded the two pilots and three flight attendants for their outstanding actions during the emergency.

Although the telling of this story may appear a bit self-serving, in our minds leadership is the most important topic in the world today. Leadership determines

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whether countries are democracies or dictatorships or are at peace or war, whether businesses are good investments or kleptocracies, whether teams win or lose, whether health care and education reforms fail or succeed, and whether rural communities thrive or merely survive. Leadership plays a role in determining where you live, what schools you get into, what laws and rules you must obey, what occupations you enter, whether you have a successful career, and how your children are raised. It plays such a pervasive part in our lives that it is easy to overlook its impact on our day-to-day behaviors. Because of the profound ways in which leadership affects us all, it would be nice if the people in positions of authority were actually good at it. But research shows that most people are woefully inadequate when it comes to influencing an organized group toward accomplishing its goals. The purpose of this chapter is to describe the most common reasons why people fail in leadership positions and the steps we can take to improve our odds of success.

*If you put on a blindfold and threw a dart at a map of the world, then there is a 70 percent chance that whatever country the dart lands on is run by some form of dictatorship.*

**RT Hogan, Hogan Assessment Systems**

It is fitting that this chapter appears at the end of the book because it draws on much of the leader, follower, and situation material described in earlier chapters. Up until now the two things we know for certain are that there is no universally accepted definition of leadership and there are many different ways to lead. These two issues are big reasons why this book looks at leadership from so many perspectives, as the research on what it takes to be an effective leader simply does not cohere. Although there are disagreements among scientists and practitioners on what it takes to be a good leader, there is a high level of agreement on what constitutes bad leadership. Here the research is very consistent and aligns with many of our practical experiences, and the purpose of this chapter is to review the research pertaining to and some practical steps for avoiding destructive leadership, managerial incompetence, and managerial derailment. [**Destructive leadership**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos1a) is associated with individuals who are effective at engaging followers, building teams, and getting results through others, but who obtain results that are morally or ethically challenged or that undermine organizational or community success (see [Highlight 16.1](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box1)).

**Who Shall Rule?**

**HIGHLIGHT 16.1**

Destructive leadership can be defined as the ability to engage followers and build teams whose results do not serve the common good. Destructive leadership is prevalent in both dictatorships and democracies, but the checks and balances of the latter keep the destructive tendencies of elected leaders in check. Both dictators and those elected play the same game, which is to get into power, stay in power, and control resources. Autocrats are better at playing this game, as they tend to stay in power much longer than their democratically elected counterparts. Dictators only need to reward a small band of loyal followers who can manipulate the media, suppress the opposition, and control the populace, whereas democratically elected leaders can lose their jobs if they neglect their voters.

The destructive leadership tendencies of democratically led countries are readily evident whenever one political party controls all of the key institutions.

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Venezuela, Russia, and South Africa are all democracies, yet the Maduro, Putin, and Zuma governments have changed the political, legal, criminal justice, media, and economic institutions in order to maintain power and control funds. These governments are associated with the high levels of political favoritism, corruption, crime, and media manipulation often found in dictatorships.

It is important to realize that the vast majority of countries around the world are dictatorships or autocracies. The spoils of the many are enjoyed by a few in China, North Korea, Azerbaijan, Uzbekistan, Iran, Saudi Arabia, Syria, Zimbabwe, Sudan, South Sudan, and many other countries. Some of these countries maintain the façade of democracy, but those in charge determine whether there will be elections, the slate of opposition candidates, how they can campaign, and the percentage of votes the incumbent will receive.

What are the worst countries when it comes to destructive leadership? What do those in power do to remain in power? Who benefits from these activities? Who suffers as a result?

**Sources:** M. Moynihan, “It’s Good to Be Boss,” *Wall Street Journal*, September 24–25, 2011, p. C10; B. Bueno de Mesquita and A. Smith, *The Dictator’s Handbook: Why Bad Behavior Is Almost Always Good Politics* (New York: PublicAffairs, 2011); R. Hogan, *How to Define Destructive Leadership* (Tulsa, OK: Hogan Assessment Systems, 2012); “Conquering Chaos: Fixing Fragile Nations,” *The Economist*, January 7, 2017, pp. 46–48.

An example here might be Adolf Hitler. Hitler was clearly able to rally an entire country around a common cause and conquered a number of countries, yet the end result was a continent in ruins and the death of over 20 million people. Unlike destructive leadership, [**managerial incompetence**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos2a) concerns a person’s *inability* to engage followers, build teams, or get results through others. It turns out that a majority of people in positions of authority can have difficulties in one, two, or all three of these areas. [**Managerial derailment**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos3a) describes the common *reasons* why people in positions of authority have difficulty engaging followers, building teams, or getting results through others. Knowing the 10 root causes of managerial derailment and what to do to avoid these pitfalls can help you be more effective as a leader.

Destructive Leadership

One way to evaluate leadership effectiveness is to look at a person’s ability to engage followers, build teams, and get results through others. Effective leaders are those who can meet all three criteria, whereas ineffective leaders have trouble engaging staff, building teams, or getting results. As described in [Chapter 15](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch15.xhtml), James MacGregor Burns has maintained that truly effective leaders need to meet an additional criterion, which is to raise the standard of human conduct and improve the lives of everyone they touch.[1](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note1a) In other words, effective leaders must make the organizations or societies they belong to better places to work or live. Given these three criteria, we can see that there is a subset of leaders who are good at painting a compelling picture of the future and getting followers to drive the organizational or societal changes needed to make their vision become reality, yet the end result may be morally or ethically reprehensible or work against the common good. Some of these leaders are among the most infamous in history and include Alexander the

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Great, Genghis Khan, Attila the Hun, Ivan the Terrible, Vlad the Impaler, Napoleon Bonaparte, Adolf Hitler, Joseph Stalin, Mao Zedong, Pol Pot, Idi Amin, Saddam Hussein, Kim Jong-Un, Robert Mugabe, Fidel Castro, and Osama bin Laden. No one could argue about whether these individuals had a major impact on their countries and societies, but their collective influence killed hundreds of millions of innocent people. And such leaders who are still alive are interested only in enriching themselves and staying in power and often lead incredibly repressed societies or followers who are bent on delivering death and destruction (see [Profiles in Leadership 16.1](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box2) and [16.2](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box3).)

Destructive leadership is not limited to government or political leaders—it occurs in virtually all other settings. The recession of 2007–2009 can be partially attributed to a number of destructive leaders in the financial services industry. Many greedy bank and insurance executives did a good job of building teams and

**Nicolás Maduro**

**PROFILES IN LEADERSHIP 16.1**

Nicolás Maduro grew up in Caracas, Venezuela, and was working as a bus driver when he helped to found the Fifth Republic movement, an activist group dedicated to social justice and wealth redistribution. He was introduced to Hugo Chávez in the early 1990s, was elected to the National Assembly in 2000, and became speaker in 2005. He was asked to become the foreign minister of Venezuela by Chávez in 2006, a role he held until being named the vice president of the country in 2012. He became president of Venezuela with the death of Chávez in 2013 and has ruled by decree ever since. Despite having proven oil reserves greater than Saudi Arabia, government mismanagement has caused Venezuela to endure soaring poverty and crime rates; regular food, medicine, and power shortages; unprecedented levels of child malnutrition and starvation; shortening life expectancies; annual inflation rates of more than 2,000 percent; and ever-growing street protests. Although it controls the National Assembly, the opposition has been hamstrung by a series of rulings by Venezuela’s Supreme Court and election authorities, both of which are filled by Chávez and Maduro cronies. Maduro has also shut down all independent press outlets and controls the army, which with the national police and armed bands of local supporters keep the local populace in check. Although four out of five Venezuelans feel Maduro is not doing a good job and would likely vote him out of office, it is uncertain if an election will happen any time soon. Maduro worked with the Supreme Court to reformulate the National Assembly with unelected supporters so that the constitution is changed to allow him to become president for life.

Because the economic and political prospects in Venezuela have become so dire, citizens are leaving the country at an unprecedented rate. What would you do if you were a citizen of Venezuela? What role can or should other governments play to alleviate the situation in Venezuela?

**Sources:** “Hugo Chavez’s Rotten Legacy,” *The Economist*, March 9, 2013, p. 10; R. Carroll, *Comandante: Hugo Chavez’s Venezuela* (New York: Penguin Press, 2013); “Now for the Reckoning,” *The Economist*, March 9, 2013, pp. 23–26; CNN Library, “Nicolas Maduro Fast Facts,” <http://www.cnn.com/2013/04/26/world/americas/nicolas-maduro-fast-facts/>; “Why Is Nicolas Maduro Still in Power?” *The Economist*, <http://www.economist.com/blogs/economist-explains/2017/05/economist-explains-9>, BBC, “Venezuela: President Maduro Granted Power to Govern by Decree,” <http://www.bbc.com/news/world-latin-america-31899510>, J. Rothwell, H. Alexander, and A. Schaverien, “Venezuela Protests: 200,000 March against Maduro as Riots and Looting Spread across the Country,” *Telegraph*, May 21, 2017, <http://www.telegraph.co.uk/news/2017/05/21/venezuela-protests-200000-march-against-president-maduro-riots/>.

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**David Koresh: Destructive Religious Leader**

**PROFILES IN LEADERSHIP 16.2**

In April 1993 approximately 85 people died at a religious compound outside of Waco, Texas. Many of them died in the fire that consumed the compound, but a single bullet to the head had killed others. Twenty-five of the deceased were children. How did this happen? The story of David Koresh is a classic example of what can go wrong when bad leaders take charge.

By all accounts David Koresh (born as Vernon Wayne Howell) had a miserable childhood. His mother was only 14 when David was born and went through two divorces before she was 20. David was abused by his uncle while growing up, and his mother decided to attend the local Seventh Day Adventist church when he turned nine. Apparently David loved church and religion and was spellbound during sermons. He memorized large portions of scripture and could effortlessly recite endless passages. However, in his later teen years Koresh began to question why the church believed in modern-day prophets yet claimed that none had walked the earth for a long time. He also began to question the biblical interpretations of elders and eventually left the Seventh Day Adventists to join the Branch Davidians. The Branch Davidians believed not only in modern-day prophets but also in Armageddon. At the age of 24, Koresh took over the Branch Davidians by having intimate relations with their 67-year-old leader. He also secretly married a 14-year-old member of the sect and was subsequently kicked out of the church. He and many of the Branch Davidians left to start their own chapter outside Waco, Texas.

While starting his own church, Koresh became increasingly temperamental and violent. He made fellow members watch violent war movies and listen to his rock sessions, and he put them through long fasts and strange diets. At first Koresh abided by his own rules, but eventually he claimed that God had told him it was all right for him, and only him, to violate these rules. Koresh took a number of wives, all of whom were under age 15. He eventually told the males that all the females in the church were to become his wives and their marriages were no longer valid. This bizarre behavior continued until agents from the Alcohol, Tobacco, and Firearms Bureau came to the compound to investigate allegations of firearms violations and child abuse in early 1993. Rather than allowing the agents to investigate, Koresh burned down the compound, killed many of his followers, and committed suicide.

**Source:** K. R. Samples, E. M. deCastro, R. Abanes, and R. J. Lyle, *Prophets of the Apocalypse: David Koresh and the Other American Messiahs* (Grand Rapids, MI: Baker Books, 1994).

generating profits, but the profits were gained by cooking the books, selling financial products that were doomed to fail, or funding subprime mortgages that owners could ill afford. The problem was so widespread in the financial services industry that it almost caused the collapse of the entire global economy. Similarly, the massacres at My Lai, Serbia, Bosnia, Croatia, Rwanda, Darfur, and Syria show that destructive leadership also occurs in military settings. In the spirit of seeking revenge or ethnic cleansing, military commanders will rally the troops to kill everyone in particular villages and towns—even those who are not military combatants. Religious leaders can also exhibit destructive leadership. Jim Jones and David Koresh are two examples of highly charismatic religious leaders who developed cultlike followings and led their adherents to kill themselves (see [Profiles in Leadership 16.2](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box3)). And destructive leadership can occur at a variety of levels in organizations. Sometimes first-line supervisors, mid-level managers, and executives who

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disagree with company policies and strategies will motivate their followers to pursue courses of action that are not aligned with organizational interests. These actions and their subsequent results often lead to poor customer service, duplicative efforts, high levels of team conflict, and ultimately suboptimal financial performance. Although these leaders and followers may believe they are doing the right thing, their actions harm their organizations.[2](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note2a)–[6](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note6a) (See [Profiles in Leadership 16.3](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box4).)

**Marissa Mayer: The Ice Queen**

**PROFILES IN LEADERSHIP 16.3**

Yahoo was one of the first companies to successfully commercialize the Internet and at one time was the darling of the industry. Millions of people first got exposed to the Internet through Yahoo’s e-mail, search engine, photo sharing, and chat room services, and virtually everyone became familiar with their “You’ve got mail” slogan. At its peak Yahoo’s market capitalization was $128 billion, but niche competitors such as Google, Amazon, Facebook, and Craigslist become more popular purveyors of Yahoo’s core services. With this defection in customers came a commensurate decline in advertising revenues as well as a number of high-visibility staff defections. Six CEOs came and went over a five-year period, trying to turn around the company’s financial fortunes, until Yahoo hired Marissa Mayer in 2013. A wunderkind product developer out of Google, Mayer was tasked with returning Yahoo to being one of the elite companies in Silicon Valley. Mayer had risen quickly through the ranks at Google, where her work ethic, technical prowess, and raw mental horsepower at Google were legendary. Although she was one of the top leaders at Google, Mayer had neither managed a business unit nor been a CEO prior to coming to Yahoo.

At the time of Mayer’s arrival, Yahoo was in the middle of sorting out whether it should be a technology company that competed with the likes of Google or Microsoft or a media company that competed with NBC or News Corporation. Mayer never really answered this question, and this was one of the many mistakes she made as the CEO. Because she never painted a compelling vision for the future of Yahoo, the company ended up making a wide range of tactical decisions that cost considerable amounts of money but failed to address the decline in advertising dollars. Some of these decisions included hiring a number of celebrities, none of whom managed to improve traffic to the website; purchasing hundreds of small start-ups for mobile applications, none of which brought the company any incremental revenues; and hiring high-caliber talent from other technology and media firms, all of whom got huge signing bonuses and severance packages but failed to deliver anything tangible to the business.

One of her strategic hires, Henrique de Castro, made over $100 million after serving with Yahoo for less than 18 months before being let go. She also failed to aggressively address Yahoo’s bloated staffing model, introduced a personnel policy that said workers could no longer work remotely, and brought in a ranking-based performance management system that caused high levels of competition and conflict among co-workers. When layoffs did finally occur, they were done in secret over an extended period of time, which left those remaining employees wondering if they would have a job or needed to find work elsewhere every day they came to work. These latter three decisions caused many of the company’s best and brightest to find jobs elsewhere.

After years of struggling, Yahoo finally agreed to be purchased by Verizon for $4.5 billion in 2017, well off its peak market capitalization price. Mayer certainly inherited a mess and because of circumstance there may have been nothing she could have done to turn around Yahoo. Mayer will leave the company with over $200 million in compensation for her four

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years at Yahoo. Does she deserve this sort of payday? Would you classify Mayer as an effective leader or as a destructive one? Why?

**Sources:** S. Ellison, “Marissa Mayer vs. ‘Kim Kardashian’s Ass’: What Sunk Yahoo’s Media Ambitions?’ *Vanity Fair* (April 2016), <http://www.vanityfair.com/news/2016/04/marissa-mayer-vs-kim-kardashians-ass-what-sunk-yahoos-media-ambitions>; D. MacMillan, ”Yahoo CEO Faces Morale Challenge,” *Wall Street Journal*, November 24, 2015, pp. B1–B2; D. MacMillan, ”After Investors Truce, Yahoo CEO Stumbled,” *Wall Street Journal*, June 18–19, 2016, pp. A1, A10; N. Carlson, *Marissa Mayer and the Fight to Save Yahoo!* (London: John Murray, 2015); A. Hartung, “How Bad Leadership Doomed Yahoo: CEO Mistakes Are Costly,” *Forbes*, [www.forbes.com/sites/.../how-bad-leadership-doomed-yahoo-ceo-mistakes-are-costly/](http://www.forbes.com/sites/.../how-bad-leadership-doomed-yahoo-ceo-mistakes-are-costly/); G. James, “Marissa Mayer’s Top 10 Leadership Mistakes,” *Inc*, <https://www.inc.com/geoffrey-james/top-10-management-mistakes-marissa-mayer-made.html>; J. Mattone, “Yahoo’s Problem? A Massive Lack of Leadership at the Top,” *Huffington Post*, <http://www.huffingtonpost.com/john-mattone/yahoos-problem-a-massive-_b_9550092.html>.

Barbara Kellerman correctly points out that the United States has an overly optimistic outlook on leadership. Most of the leadership books written for U.S. consumption have an overly positive tone and generally maintain that leadership is relatively easy to learn.[7](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note7a) Similarly, many leadership training programs delivered in the United States are built on the erroneous assumption that leaders are inherently good and effective; destructive or incompetent leadership is the exception rather than the rule.[8](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note8a)–[10](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note10a) Yet Jared Diamond’s book *Guns, Germs, and Steel: The Fates of Human Societies* shows that most societies from the earliest times to today have been kleptocracies.[11](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note11a) Some are legitimized kleptocracies, where kings, queens, and elected officials dictate laws or write rules to increase their power or personal wealth. Dictators who emerge after violent overthrows of previous governments seem to benefit greatly from their change in status but rarely if ever improve the lot of commoners (see [Profiles in Leadership 16.1](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box2)). Thus destructive leadership occurs when people in positions of authority use their team-building skills to achieve greedy, selfish, or immoral results. And as history mournfully suggests, evil, corrupt, greedy, and selfish leaders will likely be around for a long time.

*The next time a Democrat or Republican claims to be taking a position for the “good of his country,” remember to replace the word “country” with “career.”*

**Michael Moynihan, American journalist**

A final note about destructive leadership is worth discussing further: What may be considered destructive versus good leadership may be in the eye of the beholder. Although most people believe Kim Jong-Un and Alexander Lukashenko are egomaniacal despots, those loyal to these two individuals may see them as great leaders. And in reality those who are loyal to destructive leaders generally are rewarded for their efforts. Sometimes this reward comes in the form of a bullet (Joseph Stalin, Mao Zedong, and Idi Amin did not hesitate to kill loyal followers whom they perceived as rivals), but more often than not loyal followers are richly rewarded with titles, wealth, and power. The same perspective could be applied to Osama bin Laden. Most people from Western cultures saw Osama bin Laden as a threat, but his followers saw his vision as a path to heaven. This concept of good versus destructive leadership could also be applied to U.S. president Donald Trump. Many Republicans elected Trump as a repudiation of Barack Obama’s policies and to return the United States back to what they perceived as its lost greatness, whereas members of the Democratic Party think the country is

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*167,000,000 people died of unnatural causes in the 20th century. Invading armies killed 30,000,000 people; the remainder were killed by their own governments. Leadership matters.*

**Robert Hogan, American psychologist**

heading in the wrong direction now and is destined to fail under Trump’s leadership. Sometimes political, religious, or business leaders advocate what many people believe are the wrong things, but these turn out to be the right things over time. Lee Iacocca’s push for a government bailout of Chrysler, Martin Luther King Jr.’s vision for civil rights, and Bill Clinton’s intervention in the Yugoslavian civil war are all examples of leaders accused of doing bad things at the time but who in retrospect improved the organizations and societies they led. Thus what constitutes destructive leadership might not be quite so clear-cut as we might think (see [Profiles in Leadership 16.3](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box4)).

## Managerial Incompetence

Whereas destructive leadership is associated with individuals who engage followers and build teams to achieve corrupt or evil ends, incompetent management is associated with individuals who cannot engage followers, build teams, or get results through others. In other words, incompetent managers have difficulties building loyal followings or getting anything done. Research shows that there may be more incompetent than competent managers; the [**base rate of managerial incompetence**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos4a) may be 50 to 75 percent.[12](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note12a)–[18](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note18a) You might think the base rate of managerial incompetence could not be this high—too many countries, businesses, government and other nonprofit organizations, or volunteer organizations would simply fail if riddled with such a high percentage of incompetent leaders. But consider the following facts:

*For every person who’s a manager and wants to know how to manage people, there are 10 people who are being managed and would like to figure out how to make it stop.*

**Scott Adams, creator of “Dilbert”**

* Most countries are run by some form of dictatorship. Most ordinary citizens in Saudi Arabia, Syria, Belarus, Bahrain, Sudan, Jordan, Chad, Iran, Turkmenistan, China, and Russia do not have much say over who is in charge, what laws are made, and so on. Although the leaders of these countries have a following among a minority of people, the majority has little input into who leads them.
* Many leaders of democratic countries are perceived as being unable to build teams or get results. U.S. president George W. Bush saw his approval ratings drop from 85 to 30 percent over his eight-year term, and Barack Obama experienced a 25-point approval rating drop during his first 18 months in office. Donald Trump’s approval ratings were the lowest for any new U.S. president six months into his tenure, and the U.S. Congress has less than a 15 percent approval rating among likely voters.[19](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note19a)–[22](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note22a)
* There were 1,132 CEO departures in the first nine months of 2008, up from 700 per year from 2002 to 2004. If trends since 2002 continue, then approximately 50 percent of CEOs will be replaced every three years.[23](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note23a)–[29](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note29a)
* In employee satisfaction surveys, more than 75 percent of all respondents indicate that the most stressful part of their job is their immediate boss.[30](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note30a),[31](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note31a) This finding holds true across countries and industries.
* Two-thirds of all U.S. workers are either not fully engaged or actively disengaged at work, and at any one time 51 percent are looking for other jobs.[32](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note32a)

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disagree with company policies and strategies will motivate their followers to pursue courses of action that are not aligned with organizational interests. These actions and their subsequent results often lead to poor customer service, duplicative efforts, high levels of team conflict, and ultimately suboptimal financial performance. Although these leaders and followers may believe they are doing the right thing, their actions harm their organizations.[2](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note2a)–[6](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note6a) (See [Profiles in Leadership 16.3](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box4).)

**Marissa Mayer: The Ice Queen**

**PROFILES IN LEADERSHIP 16.3**

Yahoo was one of the first companies to successfully commercialize the Internet and at one time was the darling of the industry. Millions of people first got exposed to the Internet through Yahoo’s e-mail, search engine, photo sharing, and chat room services, and virtually everyone became familiar with their “You’ve got mail” slogan. At its peak Yahoo’s market capitalization was $128 billion, but niche competitors such as Google, Amazon, Facebook, and Craigslist become more popular purveyors of Yahoo’s core services. With this defection in customers came a commensurate decline in advertising revenues as well as a number of high-visibility staff defections. Six CEOs came and went over a five-year period, trying to turn around the company’s financial fortunes, until Yahoo hired Marissa Mayer in 2013. A wunderkind product developer out of Google, Mayer was tasked with returning Yahoo to being one of the elite companies in Silicon Valley. Mayer had risen quickly through the ranks at Google, where her work ethic, technical prowess, and raw mental horsepower at Google were legendary. Although she was one of the top leaders at Google, Mayer had neither managed a business unit nor been a CEO prior to coming to Yahoo.

At the time of Mayer’s arrival, Yahoo was in the middle of sorting out whether it should be a technology company that competed with the likes of Google or Microsoft or a media company that competed with NBC or News Corporation. Mayer never really answered this question, and this was one of the many mistakes she made as the CEO. Because she never painted a compelling vision for the future of Yahoo, the company ended up making a wide range of tactical decisions that cost considerable amounts of money but failed to address the decline in advertising dollars. Some of these decisions included hiring a number of celebrities, none of whom managed to improve traffic to the website; purchasing hundreds of small start-ups for mobile applications, none of which brought the company any incremental revenues; and hiring high-caliber talent from other technology and media firms, all of whom got huge signing bonuses and severance packages but failed to deliver anything tangible to the business.

One of her strategic hires, Henrique de Castro, made over $100 million after serving with Yahoo for less than 18 months before being let go. She also failed to aggressively address Yahoo’s bloated staffing model, introduced a personnel policy that said workers could no longer work remotely, and brought in a ranking-based performance management system that caused high levels of competition and conflict among co-workers. When layoffs did finally occur, they were done in secret over an extended period of time, which left those remaining employees wondering if they would have a job or needed to find work elsewhere every day they came to work. These latter three decisions caused many of the company’s best and brightest to find jobs elsewhere.

After years of struggling, Yahoo finally agreed to be purchased by Verizon for $4.5 billion in 2017, well off its peak market capitalization price. Mayer certainly inherited a mess and because of circumstance there may have been nothing she could have done to turn around Yahoo. Mayer will leave the company with over $200 million in compensation for her four

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years at Yahoo. Does she deserve this sort of payday? Would you classify Mayer as an effective leader or as a destructive one? Why?

**Sources:** S. Ellison, “Marissa Mayer vs. ‘Kim Kardashian’s Ass’: What Sunk Yahoo’s Media Ambitions?’ *Vanity Fair* (April 2016), <http://www.vanityfair.com/news/2016/04/marissa-mayer-vs-kim-kardashians-ass-what-sunk-yahoos-media-ambitions>; D. MacMillan, ”Yahoo CEO Faces Morale Challenge,” *Wall Street Journal*, November 24, 2015, pp. B1–B2; D. MacMillan, ”After Investors Truce, Yahoo CEO Stumbled,” *Wall Street Journal*, June 18–19, 2016, pp. A1, A10; N. Carlson, *Marissa Mayer and the Fight to Save Yahoo!* (London: John Murray, 2015); A. Hartung, “How Bad Leadership Doomed Yahoo: CEO Mistakes Are Costly,” *Forbes*, [www.forbes.com/sites/.../how-bad-leadership-doomed-yahoo-ceo-mistakes-are-costly/](http://www.forbes.com/sites/.../how-bad-leadership-doomed-yahoo-ceo-mistakes-are-costly/); G. James, “Marissa Mayer’s Top 10 Leadership Mistakes,” *Inc*, <https://www.inc.com/geoffrey-james/top-10-management-mistakes-marissa-mayer-made.html>; J. Mattone, “Yahoo’s Problem? A Massive Lack of Leadership at the Top,” *Huffington Post*, <http://www.huffingtonpost.com/john-mattone/yahoos-problem-a-massive-_b_9550092.html>.

Barbara Kellerman correctly points out that the United States has an overly optimistic outlook on leadership. Most of the leadership books written for U.S. consumption have an overly positive tone and generally maintain that leadership is relatively easy to learn.[7](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note7a) Similarly, many leadership training programs delivered in the United States are built on the erroneous assumption that leaders are inherently good and effective; destructive or incompetent leadership is the exception rather than the rule.[8](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note8a)–[10](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note10a) Yet Jared Diamond’s book *Guns, Germs, and Steel: The Fates of Human Societies* shows that most societies from the earliest times to today have been kleptocracies.[11](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note11a) Some are legitimized kleptocracies, where kings, queens, and elected officials dictate laws or write rules to increase their power or personal wealth. Dictators who emerge after violent overthrows of previous governments seem to benefit greatly from their change in status but rarely if ever improve the lot of commoners (see [Profiles in Leadership 16.1](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box2)). Thus destructive leadership occurs when people in positions of authority use their team-building skills to achieve greedy, selfish, or immoral results. And as history mournfully suggests, evil, corrupt, greedy, and selfish leaders will likely be around for a long time.

*The next time a Democrat or Republican claims to be taking a position for the “good of his country,” remember to replace the word “country” with “career.”*

**Michael Moynihan, American journalist**

A final note about destructive leadership is worth discussing further: What may be considered destructive versus good leadership may be in the eye of the beholder. Although most people believe Kim Jong-Un and Alexander Lukashenko are egomaniacal despots, those loyal to these two individuals may see them as great leaders. And in reality those who are loyal to destructive leaders generally are rewarded for their efforts. Sometimes this reward comes in the form of a bullet (Joseph Stalin, Mao Zedong, and Idi Amin did not hesitate to kill loyal followers whom they perceived as rivals), but more often than not loyal followers are richly rewarded with titles, wealth, and power. The same perspective could be applied to Osama bin Laden. Most people from Western cultures saw Osama bin Laden as a threat, but his followers saw his vision as a path to heaven. This concept of good versus destructive leadership could also be applied to U.S. president Donald Trump. Many Republicans elected Trump as a repudiation of Barack Obama’s policies and to return the United States back to what they perceived as its lost greatness, whereas members of the Democratic Party think the country is

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*167,000,000 people died of unnatural causes in the 20th century. Invading armies killed 30,000,000 people; the remainder were killed by their own governments. Leadership matters.*

**Robert Hogan, American psychologist**

heading in the wrong direction now and is destined to fail under Trump’s leadership. Sometimes political, religious, or business leaders advocate what many people believe are the wrong things, but these turn out to be the right things over time. Lee Iacocca’s push for a government bailout of Chrysler, Martin Luther King Jr.’s vision for civil rights, and Bill Clinton’s intervention in the Yugoslavian civil war are all examples of leaders accused of doing bad things at the time but who in retrospect improved the organizations and societies they led. Thus what constitutes destructive leadership might not be quite so clear-cut as we might think (see [Profiles in Leadership 16.3](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box4)).

Managerial Incompetence

Whereas destructive leadership is associated with individuals who engage followers and build teams to achieve corrupt or evil ends, incompetent management is associated with individuals who cannot engage followers, build teams, or get results through others. In other words, incompetent managers have difficulties building loyal followings or getting anything done. Research shows that there may be more incompetent than competent managers; the [**base rate of managerial incompetence**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos4a) may be 50 to 75 percent.[12](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note12a)–[18](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note18a) You might think the base rate of managerial incompetence could not be this high—too many countries, businesses, government and other nonprofit organizations, or volunteer organizations would simply fail if riddled with such a high percentage of incompetent leaders. But consider the following facts:

*For every person who’s a manager and wants to know how to manage people, there are 10 people who are being managed and would like to figure out how to make it stop.*

**Scott Adams, creator of “Dilbert”**

* Most countries are run by some form of dictatorship. Most ordinary citizens in Saudi Arabia, Syria, Belarus, Bahrain, Sudan, Jordan, Chad, Iran, Turkmenistan, China, and Russia do not have much say over who is in charge, what laws are made, and so on. Although the leaders of these countries have a following among a minority of people, the majority has little input into who leads them.
* Many leaders of democratic countries are perceived as being unable to build teams or get results. U.S. president George W. Bush saw his approval ratings drop from 85 to 30 percent over his eight-year term, and Barack Obama experienced a 25-point approval rating drop during his first 18 months in office. Donald Trump’s approval ratings were the lowest for any new U.S. president six months into his tenure, and the U.S. Congress has less than a 15 percent approval rating among likely voters.[19](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note19a)–[22](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note22a)
* There were 1,132 CEO departures in the first nine months of 2008, up from 700 per year from 2002 to 2004. If trends since 2002 continue, then approximately 50 percent of CEOs will be replaced every three years.[23](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note23a)–[29](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note29a)
* In employee satisfaction surveys, more than 75 percent of all respondents indicate that the most stressful part of their job is their immediate boss.[30](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note30a),[31](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note31a) This finding holds true across countries and industries.
* Two-thirds of all U.S. workers are either not fully engaged or actively disengaged at work, and at any one time 51 percent are looking for other jobs.[32](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note32a)

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**Incompetence in the Private Sector: Greed, Sleaze, and Whacko Thinking**

**HIGHLIGHT 16.3**

Managerial incompetence is not the exclusive purview of government; the private sector has more than enough “charismatically challenged” leaders to keep up with their nonprofit counterparts. Here are but a few examples:

* *Doing Anything to Get to the Top:* Travis Kalanick, the former CEO of Uber, was in charge when the company was accused of implementing software to defeat inspectors, stealing trade secrets on autonomous cars, engaging in deceptive trade practices in France, and continuing to track iPhone locations even after customers deleted the Uber app. Carrie Tolsedt, the former “most powerful banker in the United States,” led a sales force that created over 2 million false customer accounts in order to hit unrealistic sales targets at Wells Fargo. Rebekkah Brooks, the editor of the top-selling United Kingdom newspaper, the *News of the World*, managed to get her publication shut down when a series of stories broke about the paper bribing police, entrapping celebrities, and using private investigators to illegally tap the phones of celebrities, sports stars, politicians, and the royal family to get material for stories.
* *Making Money Is Not the One Thing; It Is the Only Thing:* Research shows the more money people make, the more they feel a sense of entitlement and the meaner they get toward others. Don Blankenship and Stewart Parnell are two former CEOs who put financial results over worker and customer safety and were sentenced to time in prison as a result. Martin Shkreli, the former CEO of Turing Pharmaceuticals, hiked the price of a 62-year-old drug to fight parasitic infections in pregnant mothers, unborn children, and cancer and AIDS patients from $13.50 to $750 a tablet, saying the price hike would stimulate other drug companies to invent cheaper alternatives. Shkreli is now looking at jail time for defrauding investors.
* *I Am Not a Crook:* Bernie Ebbers, the former CEO of WorldCom, cooked the books at one of the world’s largest telecommunications companies; and Bernie Madoff, the former head of Bernard L. Madoff Investment Securities, ran a $65 billion Ponzi scheme. Both will likely spend the rest of their lives in jail.
* *Cheating Your Way to Sustainability:* Martin Winterkorn was the CEO at Volkswagen when news broke that the company had installed illegal software to defeat engine emissions tests. Volkswagen had to recall almost 500,000 vehicles and pay $14.7 billion in fines in the United States alone. Fiat Chrysler has been accused of doing the same in the United States.
* *Sleeping Your Way to the Top:* Roger Ailes was the brainchild behind Fox News and Bill O’Reilly the host of the number one watched cable show in the United States. Both were accused of pressuring up-and-coming female celebrities to sleep with them if they wanted to get promoted. Fox News paid over $30 million to keep these accusations quiet, and Ailes and O’Reilly were fired when news of the payments became public.
* *What Were They Thinking?* Management guru Peter Drucker once said, “Culture eats strategy for lunch.” This may be true, but flawed business strategies doom companies much faster than bad cultures. Ron Johnson, a former Apple executive, was hired by JC Penney to be its CEO. Johnson tried to fashion JC Penney department stores after Apple retail stores, with disastrous results. Likewise, a succession of faulty strategic decisions by the CEOs at one-time industry leaders Borders and BlackBerry drove these companies into obscurity.

Have you recently read anything about managerial incompetence in the private sector?

**Sources: F.** Kalman, “What Uber’s CEO Can Teach Us About Leadership,” <http://www.talenteconomy.io/2017/03/09/what-ubers-ceo-leadership/>; B. Carlson, “Travis Kalanick Is Uber’s Biggest Asset, and Now Its Biggest Liability,” *Business Insider*, <http://www.businessinsider.com/travis-kalanick-biggest-uber-asset-and-biggest-liability-2017-2>; S. Andrews, “Untangling Rebekah Brooks,” *Vanity Fair* (February 2012), <http://www.vanityfair.com/news/business/2012/02/rebekah-brooks-201202>;

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If the base rate of managerial incompetence is 50 to 75 percent, we might wonder how organizations can succeed with such a high percentage of ineffective people in positions of authority. Although managerial incompetence can be found in any organization, many businesses still make money, the U.S. military is capable of waging wars, children continue to get educated, and most people receive high-quality health care when they need it. The good news is that organizations may not actually need every person in a position of authority to be a [**competent manager**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos6a). The keys to success may be for organizations to ensure that they have a higher percentage of competent managers than their competitors and that these individuals are in pivotal leadership roles. Research shows that organizations with higher percentages of competent managers occupying critical positions are more successful than those with fewer competent managers who are not well placed.[60](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note60a)–[63](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note63a) The purpose of this chapter and book is to increase the odds of you becoming a competent manager and securing positions where you can have an impact on the success of your organization.

*People don’t leave companies, they leave bad bosses.*

**Beverly Kaye, CEO**

*Companies get into trouble when they believe their own b.s. So do leaders.*

**Gordy Curphy, author**

Managerial Derailment

So far we have described the concepts of destructive leadership and managerial incompetence. Destructive leadership is associated with individuals who have good team-building skills but achieve results that are morally reprehensible or undermine organizational success. Competent managers make up only a minority of people in positions of authority and are those who can engage followers, build teams, and achieve results that improve organizations, societies, or countries. Of course, if it were easy to be a competent manager, many more

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**The Moronization of Management**

**HIGHLIGHT 16.4**

Carl Icahn is a multibillionaire who made his fortune buying up companies that were poorly managed, straightening out their operations and finances, and then reselling them for a profit. Senior managers dislike Icahn because they often lose their jobs when he buys their companies; but many would argue that if they were doing their jobs, the company performance would be so good that Icahn would not see an opportunity to buy the company and flip it to make a profit. Icahn has a theory about U.S. businesses: Many senior executives are the “guys you knew in college, the fraternity president—not too bright, back slapping, but a survivor, politically astute, a nice guy.” According to Icahn, to be a chief executive, people need to know how not to tread on anyone’s toes on the way up. Eventually a person becomes the number two in the company and needs to be just a little worse than number one in order to survive. When the number two gets promoted to be the CEO, he in turn promotes someone a little less capable than him as the second-in-command. “It is survival of the unfittest—eventually we are all going to be run by morons.” Icahn calls this phenomenon of promoting people slightly less capable than the incumbent leader the **[moronization of management](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett" \l "glos7a)**.

**Source:** Adapted from *The Economist*, February 11, 2006, p. 42; G. J. Curphy, “The Moronization of Management,” <https://www.linkedin.com/pulse/moronization-management-gordon-gordy-curphy-phd>.

people would be in this category. Given that most people in positions of authority are either destructive or incompetent leaders, there must be many ways in which people can fail as leaders. The purpose of this section is to describe the most common reasons why people fail in leading others. (See [Highlight 16.4](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box7).)

Over the past 40 years a considerable amount of research has been done on managerial derailment, and it is worthwhile to describe the lessons of these efforts because they apply to virtually anyone in a position of authority. Initial research on managerial derailment—whereby individuals who at one time were on the fast track only to have their careers derailed—was conducted in the early 1980s by researchers at the Center for Creative Leadership. The researchers went to the human resource departments in a number of *Fortune* 100 companies seeking lists of their [**high-potential managers**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos8a). McCall and Lombardo[64](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note64a) defined *high potentials* as individuals who had been identified as eventually becoming either the CEO/president or one of his or her direct reports sometime in the future. They waited for three years and then returned to these organizations to ask what had happened to the people on the lists. They discovered that roughly a quarter of the high potentials had been promoted to one of the top two levels in the organization, and an equal percentage had not yet been promoted but would be as soon as a position became available. Another 25 percent had left the companies; some had quit to form their own companies, and others were given better offers somewhere else. Finally, about a quarter of the people on the list were no longer being considered for promotion. Most of these individuals were let go or demoted to less influential

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and visible positions. This last group of individuals represented cases of managerial derailment.

*Volume forgives all sins.*

**Bernie Marcus, The Home Depot**

Several other researchers have investigated the managerial derailment phenomenon.[65](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note65a)–[79](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note79a) This additional research used much larger samples (one researcher examined over 3,000 derailed managers), European and cross-generational samples, and more sophisticated assessment tools (such as 360-degree feedback instruments). Moreover, a substantially higher percentage of women and minorities were represented in this later research; the initial high-potential list was dominated by white males. As Van Veslor and Leslie[80](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note80a) point out, this research focused on identifying factors that helped derailment candidates initially get identified as high potentials as well as factors contributing to their ultimate professional demise. Although these studies varied in many ways, there are many consistent findings across them. Both successful and derailed candidates were smart, ambitious, and willing to do whatever it took to get the job done, and they had considerable technical expertise. In other words, all of the high-potential candidates had impressive track records in their organizations.

*When doctors make a poor diagnosis, their patients die and they don’t have to deal with it anymore. When lawyers fail to present a good case, their clients go to jail and they don’t have to deal with it anymore. But when a hiring manager makes a mistake, they have to say “Good morning” to it every day.*

**Pete Ramstad, Capella University**

The derailed candidates, however, exhibited one or more behavioral patterns not evident in the high potentials who succeeded. Five key derailment themes run through the research results listed in [Table 16.1](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#tab16-1) and are described in more detail here. Note that the derailment themes included in the table have been consistently reported by researchers in both the United States and Europe. One derailment pattern identified in [Table 16.1](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#tab16-1) is a [**failure to meet business objectives**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos9a). Although both successful and derailed managers experienced business downturns, the two groups handled setbacks quite differently. Successful managers took personal responsibility for their mistakes and sought ways to solve the problem. Derailed managers tended to engage in finger-pointing and blamed others for the downturn. *But as long as things were going well*, it was difficult to differentiate these two groups on this factor. Some of these managers were also untrustworthy. They blatantly lied about business results, cooked the books, or failed to keep promises, commitments, or deadlines. Others failed because they were not particularly smart or did not have an in-depth understanding of the business and as a result exercised poor judgment.

Although the research cited in [Table 16.1](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#tab16-1) focused on failed high-potential candidates, the inability to achieve business results is not limited to this audience. Many people in positions of authority may not be high-potential candidates but are nonetheless unable to achieve business or organizational results. As described earlier, some are popular but confuse activity with productivity; others want their teams to get just enough done to stay off their boss’s radar screens. Some may be motivated to achieve results but consistently make bad decisions or alienate team members by exhibiting behaviors that interfere with team cohesiveness, such as being unable to make decisions, micromanaging team members, or taking credit for others’ work. One hallmark of effective leadership is the ability to get results across a variety of situations; those who cannot get anything noteworthy accomplished are destined to fail the Dr. Gordy test.

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**TABLE 16.1 Common Themes in Derailment Research**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Research Study** |  |  |  |
| **Skill Domain *Definition*** | **Benz (1985a)** | **McCall and Lombardo (1983)** | **Morrison, White, and Van Velsor (1987)** | **McCauley and Lombardo (1990)** | **Lombardo and Eichinger (2006)** | **Rasch, Shen, Davies, and Bono (2008)** |
| **Business** |  |  |  |  |  |  |
| *Ability to plan, organize, monitor, and use resources* | Lacked business skill  Unable to deal with complexity  Reactive and tactical | Specific business problems  Unable to think strategically  Unable to staff effectively | Performance problems  Not strategic  Restricted business experience | Difficulty in molding a staff  Difficulty in making strategic transition  Strategic differences with management | Poor administrative skills  Lack of strategic thinking  Difficulty making tough choices | Poor task performance  Poor planning, organization, and/or communication |
| **Leadership** |  |  |  |  |  |  |
| *Ability to influence, build, and maintain a team; role modeling* | Unable to delegate  Unable to build a team | Overmanaging— failing to delegate | Can’t manage subordinates |  | Failure to build a team | Failure to nurture and manage talent  Avoiding conflict and people problems Overcontrolling |
| 653 | | | | | |  |
| **Interpersonal** |  |  |  |  |  |  |
| *Social skill, empathy, and maintaining relationships* | Unable to maintain relationships with a network | Insensitivity (abrasive, intimidating, bully)  Cold, aloof, arrogant | Poor relationships | Problems with interpersonal relationships | Poor political skills  No interpersonal savvy  Unable to deal with conflict | Failure to consider human needs |
| **Intrapersonal** |  |  |  |  |  |  |
| *Self- awareness and self- control, emotional maturity, integrity* | Lets emotions cloud judgment  Slow to learn  An “overriding personality defect” | Unable to adapt to a boss with a different style  Too dependent on an advocate  Too ambitious  Betrayal of trust | Unable to adapt to boss  Too ambitious | Too dependent on an advocate  Lack of follow- through | Questionable integrity  Low self- awareness | Procrastination. and time delays  Poor emotional control  Rumor-mongering and inappropriate use of information |

Source: J. Hogan, R. T. Hogan, and R. Kaiser, “Managerial Derailment,” in *APA Handbook of Industrial and Organizational Psychology*, Vol. 3, ed. S. Zedeck (Washington, DC: American Psychological Association, 2011), pp. 555–76.

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The second derailment pattern identified by Hogan, Hogan, and Kaiser was an [**inability to build and lead a team**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos10a).[81](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note81a) Some high-potential candidates derailed because they simply did not know how to build teams. Others failed by hiring staff members that were just like themselves, which only magnified their own strengths and weaknesses. Some wanted to stay in the limelight and hired staff less capable than they were. Still others micromanaged their staffs and wanted their followers to “check their brains at the door” before coming to work, even when they lacked relevant subject matter expertise. People in positions of authority who spend too much time doing activities that should be done by direct reports can also have difficulty building teams because they disempower all the managers who work for them. Because these leaders are making the decisions that their followers would normally make, followers become disengaged with work and team performance suffers.[82](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note82a)–[88](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note88a)

*You would be talking with my boss, and suddenly she would snap. She’d lock eyes with you, and her voice would drop very low. It turns out that she learned this technique in an obedience class with her dog, and she found it to be an effective “tool” in managing people.*

**Anonymous,**[**jobs.aol.com**](http://jobs.aol.com/)

Like the failure to meet business objectives, the inability to build or lead teams is a common reason why many people in positions of authority are seen as incompetent managers. Two underlying reasons for the inability to build teams are a lack of team-building know-how and dark-side personality traits. Many people can easily describe the best and worst teams they have ever been on, but when asked what they need to do to build high-performing teams, they are surprisingly inarticulate. In other words, most people in positions of authority understand the importance of teamwork but have no clue how to make it happen.[89](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note89a)–[91](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note91a) This lack of team-building know-how is one reason why some people are seen as incompetent managers, but another key reason is the presence of dark-side personality traits. These attributes will be described in more detail later in this chapter.

A third derailment pattern has to do with an [**inability to build relationships**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos11a) with co-workers. The derailed managers exhibiting this pattern of behavior were insensitive to the needs and plights of their followers and co-workers, and they were often overly competitive, demanding, and domineering. They embraced the “my way or the highway” school of management, and many were incapable of engaging employees. Many were extremely arrogant and truly believed no one in their organizations was as good as they were, and they let their co-workers know this every time they could. Some of these derailed managers also did whatever they felt necessary to get the job done, even if it meant stepping on a few toes. Unfortunately this is not a recommended technique for winning friends and influencing people. It is wise to remember the old adage that you should be careful whom you step on going up a ladder because you may meet them again on your way down. Many of these managers left a trail of bruised people who were waiting for the right opportunity to bring these leaders down.

The inability to get along with others is a fairly common derailment pattern among high potentials and anyone else in positions of authority. An example is a female vice president of marketing and sales for a software development company who was fired from her $200,000-a-year job for exhibiting many of the behaviors just listed. She was very bright, had an excellent technical background (she was an engineer), had already been the CEO of several smaller organizations, and worked long hours. Although she also had a strong leaderlike personality, she would quickly identify and capitalize on others’ faults, constantly comment on their

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incompetence, talk down to people, run over her peers when she needed resources or support, promote infighting among her peers and subordinates, and expect to be pampered. Interestingly, she had no idea she was having such a debilitating effect on those she worked with until she received some 360-degree feedback. Had she received this feedback sooner, she might have been able to stop her career from derailing.

*Half the CEOs in the world are below average.*

**David Campbell, Center for Creative Leadership**

The inability to build relationships is not limited to taskmasters; other leaders can also have difficulties getting along with others. But rather than exhibiting a “my way or the highway” attitude, some fail to build relationships with followers because they regularly exhibit emotional outbursts and temper tantrums, falsely believe that followers are out to get them, fail to provide followers with needed resources or support, or burn out team members with constantly shifting priorities. These irritating, counterproductive behavioral tendencies are manifestations of dark-side personality traits, which will be described in more detail later in this chapter.

Charan and Colvin, Dotlich and Cairo, Hogan, Kaiser, Chamorro-Premuzic, and Curphy have all stated that people problems are also one of the primary reasons why CEOs fail.[92](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note92a)–[98](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note98a) However, unlike derailed first-line supervisors or mid-level managers, most CEOs get along with others in the company. The problem with some CEOs is that they get along with some of their direct reports too well and do not take timely action to address problem performers. More specifically, some CEOs fail because they place loyal subordinates into jobs they are incapable of handling, falsely believe they can help poorly performing subordinates to change ineffective behavior, do not want to offend Wall Street or the board by letting popular (but ineffective) executives go, or do not feel comfortable hiring outsiders to fill key executive positions.

Another derailment profile has to do with a leader’s [**inability to adapt**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos12a) to new bosses, businesses, cultures, or structures. As pointed out earlier in this chapter, business situations require different leadership behaviors and skills, and some derailed managers could not adapt or adjust their styles to changing bosses, followers, and situations. They persisted in acting the same way when it was no longer appropriate to new circumstances. For example, a first-line supervisor for an electronics firm that built video poker machines was having a difficult time transitioning from his old job as a missile guidance repairman in the U.S. Air Force. He thought he should lead his subordinates the way he led others in the military: His staff should be willing to work long hours and over the weekends without being told to do so and to travel for extended periods with short notice. Their thoughts or opinions about ways to improve work processes did not matter to him, and he expected everyone to maintain cool and professional attitudes at work. After half of his staff quit as a direct result of his supervision, he was demoted and replaced by one of his subordinates.

*Our investigation revealed that Katrina was a national failure, an abdication of the most solemn obligation to provide for the common welfare. At every level—individual, corporate, philanthropic, and governmental—we failed to meet the challenge that was Katrina. In this cautionary tale, all the little pigs built houses of straw.*

**Congressional Report on the Government’s Response to Hurricane Katrina**

The inability to adapt is not just a first-line supervisor or mid-level manager phenomenon, as newly hired senior leaders have sometimes tried to transform their organizations into those they had worked for in the past. Robert McNamara tried to turn the Department of Defense into Ford, John Sculley tried to turn Apple into Pepsi, Bob Nardelli tried to convert The Home Depot into General Electric, Léo Apotheker tried to transform H-P into SAP, Ron Johnson tried to

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reshape JC Penney’s into Apple stores, and Brian Cornell is attempting to transform Target Corporation. Given the success McNamara, Sculley, Nardelli, Apotheker, and Johnson had with their change initiatives, the future does not bode well for Cornell.

In the past, organizations could afford to take their time in identifying and developing leadership talent. And as described earlier in this book, many of the best organizations today have strong programs for systematically developing leadership bench strength. However, organizations today are under increasing pressure to find good leaders quickly, and they are increasingly asking their own high-potential but inexperienced leadership talent to fill these key roles. Although these new leaders are bright and motivated, they often have narrow technical backgrounds and lack the leadership breadth and depth necessary for the new positions. The unfortunate result is that many of these leaders leave their organizations because of [**inadequate preparation for promotion**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos13a). For example, a relatively young woman attorney was promoted to be the vice president of human resources in a large telecommunications firm. Although she was bright and ambitious, her previous management experience involved leading a team of six attorneys, whereas her promotion put her in charge of 300 human resources professionals. It soon became apparent that she lacked the skills and knowledge needed to manage a large, geographically dispersed human resources organization. Although she tried hard to succeed, she kept acting as a front-line supervisor instead of a functional leader and failed to earn the respect of her staff. After six months she was given a generous separation package and asked to leave the company.

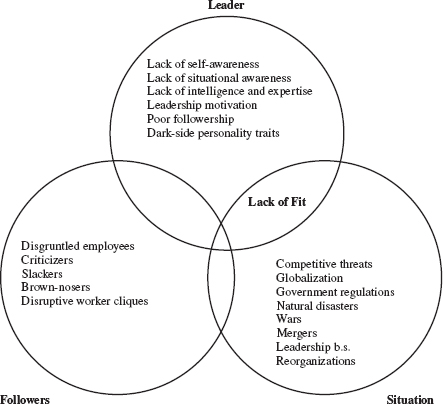
Most derailed managers manifest several of these themes; the presence of only one of these behavioral patterns is usually not enough for derailment. The only exception to this rule is a failure to meet business objectives. Managers who do not follow through with commitments, break promises, lie, are unethical, and do not get results do not stay on the high-potential list for long. Although this research focused on derailment patterns for high-potential candidates, it seems likely that these five reasons for failure are universal. It would be difficult to perceive someone as a competent manager if he or she could not obtain business results or had difficulties adapting to new situations, building teams, or getting along with others. A bigger concern is why these managerial derailment patterns appear to be fairly obvious, yet so many people fail as leaders. In other words, if you asked a group of people why people in positions of authority fail, it is likely that you would hear the five reasons described in this section. Because these derailment factors are more or less public knowledge, it seems that simply being aware of the reasons why people fail in leadership positions does not seem to be enough to prevent it from happening. If we assume that most people move into managerial positions with positive intent and generally know the pitfalls to avoid in order to be successful, yet they are likely to be perceived as incompetent managers, then there must be something else going on. We believe that managerial incompetence and derailment have some underlying root causes, and knowing what they are and what to do to minimize their impact will improve the odds of being perceived as a competent manager. Many of these root causes are variations of concepts presented earlier in this book.

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## The Ten Root Causes of Managerial Incompetence and Derailment

The research on managerial derailment provides a good starting point for investigating the underlying reasons why most people in positions of authority are perceived to be incompetent. Clearly a failure to achieve business objectives, an inability to build a team, or an inability to adapt to changing conditions will make leaders fail. But what causes people to fail to achieve business results or get along with others? Are these management failures due to character flaws on the part of the leader, pervasive situational factors, problematic followers, or some combination of all three factors? As shown in [Figure 16.1](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#fig16-1), leader, follower, and situational factors all play roles in managerial derailment. Sometimes leaders are put in situations where it is virtually impossible to build teams or achieve results; at other times a leader’s own shortcomings cause managerial incompetence and derailment (see [Profiles in Leadership 16.4](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box8)). Looking over [Figure 16.1](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#fig16-1), we might think it is next to impossible to be a competent manager because there are so many ways in which people in positions of authority can fail. For example, the global economy could take a significant downturn, hurricanes or terrorist events could disrupt supply chains, key followers could retire or be hired away by competitors, organizations could downsize or be acquired by other companies, new competitors could develop disruptive technologies and dominate the market, workers could go on

**FIGURE 16.1 Why Leaders Fail**



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strike, or the new CEO could be a taskmaster. The good news is that we can mitigate managerial derailment by understanding the ten root causes, assessing the extent to which they are affecting our ability to build teams and get results through others, and then adopting some of the suggestions found in this section to minimize their effects.

*Savvy managers figure out how to get things done, no matter what obstacles they face.*

**Mark Roellig, MassMutual**

[Figure 16.1](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#fig16-1) is not meant to be a comprehensive list of root causes—there are many reasons why people fail when in positions of power. However, the ten root causes include the more common reasons why many people fail the Dr. Gordy test described earlier in this chapter. As an overview, certain situational and follower factors can make it difficult to engage followers, build teams, and get results. An

**Elizabeth Holmes: Brilliant Leader or Pervasive Liar?**

**PROFILES IN LEADERSHIP 16.4**

Elizabeth Holmes was an undergraduate at Stanford University when she launched Theranos in 2003. Holmes’s idea was to revolutionize health care by replacing a wide range of blood tests done in a laboratory with a cheap and accurate alternative, one that would require only a single finger prick for blood. Despite having no formal education or experience in health care, medical engineering, or business, Holmes convinced a group of investors to fund her business. She used the initial proceeds to hire engineers and scientists to build a medical device to perform the blood tests.

By 2007 Theranos was valuated at $197 million and Holmes began pitching her device to drug companies as a cheap and easy way to determine whether new drugs were working as intended, were safe, and were of the right dosage. By 2010 the Edison version of her blood testing device was announced and another round of investor funding resulted in the company being valuated at over $1 billion. Holmes then started pitching the device to drug retailers in the United States, such as Walgreens and Safeway, as a way for these companies to capture the revenues for blood tests previously conducted in clinics and hospitals. Walgreens became an early adopter of the Edison device and planned on rolling them out on a national basis.

By 2014 Theranos was valuated at $9 billion and Holmes’s personal net worth was estimated to be $4.5 billion. However, around this time problems with the Edison device started coming to light. It turned out the device was woefully inaccurate, and 240 of the blood tests done by Edison failed to meet accepted scientific standards. As a result, thousands of patients were given false information about their health over an entire two-year period. In pitches to investors and large potential customers, Theranos cherry-picked test data to exclude any trial that showed inaccurate results and substituted the results from tests done using traditional lab equipment for those done with Edison. Holmes also made fraudulent claims about test accuracy in marketing materials and sales presentation, and she knew about the test accuracy issues for over 10 years. As a result of these problems, the SEC conducted an investigation, Theranos was banned from doing any medical testing for a two-year period, and Holmes’s net worth dropped from $4.5 billion to $0.

What is the relationship between integrity and entrepreneurism? Do you believe entrepreneurs always should be truthful, or do they sometimes need to stretch the truth to be successful?

**Sources:** “Theranos: Blood Sports,” *The Economist*, April 23, 2016, p. 55; J. Carreyrou, “Theranos Growing Pains,” *Wall Street Journal*, December 25, 2015, pp. A1, A10; C. Weaver and J. Carreyrou, “Theranos Retreats from Blood Tests,” *Wall Street Journal*, March 24, 2017, pp. B1–B2; S. Westgard, “And Another Thing about Theranos…,” LinkedIn, <https://www.linkedin.com/pulse/another-thing-theranos-sten-westgard-1>.

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example might include a commercial airline crew trying to deliver a planeload of international passengers to an airport that suddenly closes down due to a terrorist threat. The captain may have done a good job of getting the crew to work as a cohesive team to provide great passenger service but will not be able to achieve her on-time arrival goal because of the airport closure. Although situational and follower factors can sometimes play key roles, leader factors are much more likely to cause managerial incompetence and derailment. Some leaders cannot see how they impact others, some consistently exercise poor judgment, others do not value building teams or getting results, and others are such poor followers that they are fired from their leadership positions. Bad organizational practices also contribute to managerial incompetence, as many times companies have flawed understandings about effective leadership and end up hiring, developing, and promoting the wrong people for positions of authority.

### Stuff Happens: Situational and Follower Factors in Managerial Derailment

The story in [Highlight 16.5](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box9) concerns a scenario in which situational factors interfered with a person’s ability to build teams and get results through others. Although most leaders will not encounter events on the scale of the Fukushima nuclear reactor disaster, situational changes frequently occur. Think about a person’s ability to be a competent manager if he was a civic leader in Haiti immediately after the Port-au-Prince earthquake, a mid-level automobile parts manufacturing manager right after she was told her plant would be closing in the next six months, or a U.S. Army Reserve captain who was preparing his unit to be deployed to Afghanistan for the third time in seven years. It seems somewhat obvious, but situational and follower factors significantly affect a person’s ability to engage followers, build teams, and get results.[99](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note99a)–[102](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note102a) Situational and follower factors make up the first two root causes of managerial incompetence and include the following events:

* New competitive threats, globalization, disruptive technology, changing customer preferences, unreliable suppliers, new governments or government regulations, unfavorable media coverage, natural disasters, and wars.
* Mergers, acquisitions, divestitures, bankruptcies, new strategies, reorganizations, major change initiatives, incidents of workplace violence, or environmental disasters.
* New bosses, peers, or owners.
* Disengaged or disgruntled employees; disruptive worker cliques; and strikes or dysfunctional turnover.
* New jobs, responsibilities, or projects.

Figuring out how to engage staffs, build teams, and get things done despite potentially disruptive situational and follower factors is part of any leadership role, but at times these external factors can be so overwhelming that there may be little a person can do to be an effective leader. What is interesting is how leaders react when facing hopeless challenges. Competent managers take time to reflect on the

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*Who the hell’s in charge?*

**Naoto Kan, former Japanese prime minister**

**The Fukushima Daiichi Nuclear Power Plant Disaster**

**HIGHLIGHT 16.5**

On March 11, 2011, a magnitude 9.0 earthquake occurred off the northeast corner of Japan. This was the most powerful earthquake to ever hit Japan and caused a tsunami whose waves were estimated to be over 140 feet tall. The waves hit the island of Honshu with little warning and completely destroyed 130,000 buildings and damaged almost 1 million others. Approximately 20,000 people were either confirmed dead or missing and over 4 million homes lost power. This event has been called the biggest natural disaster in modern history.

The Fukushima Daiichi nuclear power plant consists of six nuclear reactors near the Honshu coast. Although constructed to withstand natural disasters, the March 2011 earthquake and tsunami knocked the plant off the electrical grid and destroyed the backup generators for four reactors. With no power to run the water pumps needed to keep the reactors cool, hydrogen gas began building up to dangerous levels in some of the containment buildings. Being highly combustible, it was imperative that the plant operator, Tokyo Electric Power Company (TEPCO), cool the reactors using any means possible before a hydrogen gas explosion breached the containment walls and spread radioactivity across the region.

The plant was in major chaos after the tsunami: The power was out, all the buildings and equipment were damaged, and communication systems were down. Those on the ground made do with whatever they had to prevent a major nuclear disaster. One key decision was whether to use seawater to cool the reactors. The reactors normally used freshwater as a coolant because seawater would permanently destroy a multibillion-dollar reactor. Those at the plant were not empowered to make this decision and those leading TEPCO dithered in making the call. As a result, the hydrogen gas in three of the reactors blew up and caused major radiation leaks that contaminated a 20-mile radius. Not only did TEPCO take too long to make the decision, but the company also withheld information about the extent of the damage, including how much radiation had been released, who was affected, and what was being done to repair the damage.

The Japanese government’s response to this natural disaster was also far from stellar. It took 10 days before Japan released oil from its strategic reserves to generate the power needed for the affected areas. Trucks carrying medical supplies, food, and water were prevented from using the northern expressway because they were not designated as emergency vehicles, even though the route had no other traffic at the time.

How did the situation affect the Fukushima Daiichi nuclear power plant manager and supervisors from building teams or getting results? How does the situation highlight managerial incompetence in TEPCO and the Japanese government?

**Sources:** “A Crisis of Leadership Too,” *The Economist*, March 26, 2011, p. 14; N. Shirouzu, P Dvorak, Y. Hayashi, and A. Morse, “Bid to ’Protect Assets’ Slowed Reactor Fight,” *Wall Street Journal*, March 19–20, 2011, pp. A1, A8; M. Obe, “Fukushima Plant Hit by Power Outage,” *Wall Street Journal*, March 20, 2013, p. A10; News Services, “Japan Upgrades Severity of Crisis,” *StarTribune*, March 19, 2011, pp. A1, A11.

situation, determine what they need to do differently, and then ensure that their decisions are executed. Competent managers often succeed where others fail because they investigate all the alternatives and then make the changes needed to maintain team cohesiveness and performance. Interestingly, one of these alternatives may include changing jobs or leaving the organization if the leader feels that others are better able to help the team cope with these challenges. Leaders may also believe that switching teams is a better option than remaining in the role and risk being seen as ineffective.

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Incompetent managers facing hopeless situations tend to act quite differently: They are likely to keep doing what they have always done but expect to achieve different results. For example, when faced with challenging followers or situations, they may focus more closely on goals, metrics, and bottom-line results and spend even less time with the people on their teams. They might also increase their team-building and relationship-building behaviors and try to keep teammates happy rather than making them more productive. They could even become less likely to make decisions, take stands, lay out courses of action, or push team members to perform. Most incompetent managers try to leverage their strengths rather than change, which erodes their ability to build teams and get results.

Three additional points about these overwhelming situational and follower factors are worth noting. Although many situational and follower factors are beyond a manager’s control, the manager can control his or her reactions to these events. A manager can step back, reflect on the new situation, and determine what he or she needs to do differently; or the manager can continue to leverage his or her strengths and expect a different outcome. Reflection may be the key success factor when facing difficult situations, but too often people in positions of authority overreact, withhold information, and rush to judgment rather than explaining difficult facts and soliciting team members for ideas.

*The definition of neurotic management is to continue to do the same things but expect different results.*

**Tom Peters, writer**

A second point concerns the concepts of episodic versus chronic incompetence. [**Episodic managerial incompetence**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos14a) occurs when people in positions of authority face extremely tough situational or follower events that temporarily interfere with their ability to build teams and get results. However, once they have reflected on and taken action to cope with the event, they quickly regain their ability to successfully build teams and get results. [**Chronic managerial incompetence**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos15a) occurs when taxing situational or follower events permanently disrupt a person’s ability to build teams or get results. All competent managers experience occasional episodic managerial incompetence; the trick is to limit the frequency and duration of these occurrences. But given their preferred ways of dealing with challenging events, many in positions of authority seem to exemplify chronic managerial incompetence.

Finally, situational factors can also mask managerial incompetence. A leader may be heading up a company that has just released a highly desirable app or service and is making money despite bad management. When all is going smoothly, most people assume competent managers run organizations; it may take some kind of emergency or crisis before an organization’s chronic managerial incompetence comes to light. To a large extent nobody thought about the leadership capabilities of FEMA, TEPCO, and BP until the Hurricane Katrina, Fukushima, and Gulf oil spill disasters, respectively. The high percentages of managerial incompetence in these companies became obvious only after these crises went public. Situational factors, social media, and the press can help to shine a bright light on the high levels of managerial incompetence existing in many organizations.

### The Lack of Organizational Fit: Stranger in a Strange Land

The previous section described the role that situational and follower factors play in managerial competence and incompetence. Organizational culture also plays an

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important role in this matter. [Chapter 13](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch13.xhtml) defined organizational culture as a system of shared backgrounds, norms, values, or beliefs among members of a group. All organizations have cultures, but the content and strength of the beliefs underlying these cultures can vary dramatically. For example, the shared beliefs, norms, and values of the U.S. Marine Corps are quite different from those of PETA or Greenpeace.

Organizational culture is not one of those pervasive situational factors that doom managers to fail, but a person’s fit with an organization’s culture can cause him or her to be seen as incompetent. [**Organizational fit**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos16a) can be defined as the degree of agreement between personal and organizational values and beliefs.[103](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note103a)–[106](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note106a) If a person does not share the values or beliefs of the majority of members, then in all likelihood this person will be a poor fit with the organization, the third root cause of managerial incompetence and derailment. Many times people who do not fit with an organization’s culture wield diminishing levels of influence, which interferes with their ability to engage followers, build teams, and get results. [Highlight 16.6](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box10) describes a classic example of how the lack of organizational fit can cause someone to be perceived as an incompetent manager. In many ways Ann was precisely what the organization needed to turn things around. She had all the knowledge and skills necessary to succeed, but the senior staff felt their other responsibilities were more important than fund-raising. Thus Ann recognized that she was in a no-win situation and left the organization.

**Organizational Fit and Managerial Derailment**

**HIGHLIGHT 16.6**

Ann had spent the past 30 years as a sales executive in the insurance industry. Savvy, sophisticated, and successful, over the years Ann had developed deep expertise in marketing, sales, contracting, invoicing, budgeting, and compensation. She also had over 20 years of sales leadership experience and had consistently built cohesive teams that exceeded their sales quotas. After a successful career of selling insurance, Ann was looking for a new challenge, and a local nonprofit organization needed an executive to head up its fund-raising function. The nonprofit had been around for over 50 years, employed more than 300 people, and specialized in helping developmentally disabled adults live more independent lives. To achieve this mission, the nonprofit provided lodging, skills training, transportation, and other services to its constituents. Ann was hired because the organization was running out of money—revenues were shrinking, expenses were rising rapidly, and donors were scaling back on their contributions. The main donor base was also growing old, and many major contributors were literally dying off.

Attracted to the mission and by the challenge of doing something new, Ann joined the organization and was told by the president to do whatever was needed to secure the existing funding base and find new sources of revenue. Ann started this effort by reviewing the donor database and soon discovered that the organization had done nothing more than send form thank-you letters to the major donors over the past five years. The organization had not visited or invited the donors to any functions or solicited funding from any new donors. She developed a strategic marketing plan that called for the

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senior staff to engage in a number of outreach activities with new and existing donors.

Ann was surprised by the organization’s reaction to her strategic marketing plan. The president felt it was beneath her to engage in fund-raising activities and did not want the organization to be seen as having anything to do with fund solicitation. The president emphatically stated that the mission of the organization was to serve the developmentally disabled, not raise money. The rest of the senior staff wholeheartedly agreed with the president. Ann responded that the organization’s costs were exceeding its revenues, and if the senior staff did not want to help generate more funding, then the alternative was to cut expenses. She reminded the staff that she had been told to do whatever was needed to raise cash, and now that her plan was put forward, it appeared that this was not really the case. The president said that money was not their concern and it was up to Ann, and Ann alone, to make things happen. Because of the organization’s lack of urgency and genuine distaste for fund-raising, Ann felt like a fish out of water. The things she cared about were of no interest to the senior leadership team, even though her plan would allow the organization to continue its mission. Because of this lack of fit, Ann left the organization less than a year later, and the organization laid off staff members to reduce expenses.

**Source:** G. J. Curphy, A. Baldrica, and R. T. Hogan, *Managerial Incompetence*, unpublished manuscript, 2009.

Organizations often realize that continuing to do things the same way will eventually result in failure, and one approach to fostering new ways of thinking is to hire people from the outside with different work experiences. New hires may have good ideas to remedy a situation, but whether they and their ideas are accepted will depend to a large extent on an organization’s culture. The farther these ideas stray from the organization’s prevailing values and beliefs, the more likely they are to be dismissed. Managers hired from the outside suffer the same fate as transplanted organs—those who are seen as a good fit are accepted, and those who are not are rejected. What is interesting about this phenomenon is that outsiders often possess exactly the knowledge and skills an organization needs to succeed, but the solutions proposed are so antithetical to its culture that people begin to question the intelligence of these outside hires.[107](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note107a)

*Culture eats strategy for breakfast.*

**Peter Drucker, management writer**

The organizational fit phenomenon occurs not only when outsiders are brought in; it also happens when companies hire new CEOs or acquire other organizations. New CEOs often take steps to mold the organization’s culture around their own personal values and beliefs, and some managers may no longer fit into the new culture. Likewise, managers from an acquired company can have considerable difficulty fitting into the other organization’s culture. Because of this lack of fit, leaders from the “old” culture or from acquired companies can be perceived as incompetent even though they may have all the skills needed to build teams and get results through others. Acquiring organizations often act on these perceptions and limit the influences and resources provided to these managers, essentially setting them up for failure. As described earlier in this book, many mergers and organizational changes fail, and this is often due to cultural fit issues.[108](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note108a)–[111](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note111a)

What can leaders do to avoid being seen as organizational culture misfits? Perhaps the best thing to do is to minimize the risk of it happening at all. The first step in this process is for leaders to understand their own values, beliefs, and

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attitudes toward work. Some people go to work to make money, others are motivated by job security, and still others are driven to help others or make a difference. There are no right or wrong answers here, but it is important that people understand what they want out of a job. Once people clearly see what they want from work, the second step in the process is to determine the extent to which the cultures of potential employers are aligned with these beliefs. Determining an organization’s culture may not be straightforward, however, because the underlying beliefs, norms, stories, and values are often unwritten. One way to determine an organization’s culture is through informational interviews, in which employees are asked how things really get done, how employees treat each other, what is valued or punished, what the unwritten rules are, and so on. This information should help leaders determine the extent to which their personal values and beliefs are aligned with those of various employers. We realize there are times when people need to take jobs for the money and benefits, but they also need to realize that their level of satisfaction and ability to build teams and get results will be affected by the degree of fit between their personal values and the organization’s culture. Those who do not fit run the risk of being seen as incompetent and may find that working elsewhere can help them be seen as competent managers.

### More Clues for the Clueless: Lack of Situational and Self-Awareness

Most aircraft accidents are the result of pilot errors, and a lack of situational awareness is the leading cause of pilot errors.[112](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note112a) [**Situational awareness**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos17a), the fourth root cause, refers to a pilot’s ability to be cognizant of and accurately assess risks before, during, and after a flight.[113](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note113a) In other words, pilots with good situational awareness know what their aircraft is doing, the weather, the positions of other aircraft in the area, the relationship of their aircraft to the ground, and the like. Like pilots, people in positions of authority must also have a high degree of situational awareness if they want to be seen as competent managers. This means competent managers must accurately read the situational and follower factors affecting their teams and remain vigilant for changes. Competent managers not only have high levels of situational awareness—they also have high levels of [**self-awareness**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos18a). As described in [Chapter 2](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch02.xhtml), individuals who are keenly aware of their own strengths and shortcomings often find ways to either manage or staff around their personal knowledge and skill gaps. In contrast, incompetent managers can have major situational and self-awareness blind spots, and this is the fifth root cause of managerial incompetence (see [Highlight 16.7](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box11)). They either are unaware of or discount the impact of key situational or follower events and overestimate their ability to build teams and get results.[114](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note114a)

Research shows that in many cases incompetence is bliss, at least for the person demonstrating incompetence. Researchers Dunning and Kruger[115](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note115a) conducted a series of experiments that asked people to rate the funniness of 65 jokes. They then asked eight professional comedians to do the same and compared the differences between the experts’ and test subjects’ ratings. They found that some participants

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**Situational and Self-Awareness and Managerial Incompetence**

**HIGHLIGHT 16.7**

Dick was the chief of police in a medium-sized midwestern town. Because of a series of easily avoidable but high-profile blunders, the local newspaper and television stations were regularly running stories about department foul-ups. The city council began pressuring Dick to clean up the department’s image, and he felt the best way to rectify the situation was to send a memo to the entire department. In the past Dick had relied on his executive assistant to write all his correspondence, but she was on vacation and he felt the memo could not wait until her return. He wrote the following memo and posted it at the department’s main entrance:

**Date:** August 20, 2004

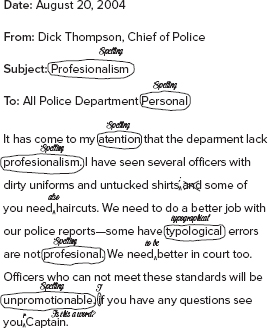
**From:** Dick Thompson, Chief of Police

**Subject:** Profesionalism

**To:** All Police Department Personal

It has come to my atention that the deparment lack profesionalism. I have seen several officers with dirty uniforms and untucked shirts and some of you need haircuts. We need to do a better job with our police reports—some have typological errors are not profesional. We need better in court too. Officers who can not meet these standards will be unpromotionable. if you have any questions see you Captain.

Less than a day later the posted memo looked like this:



Unfortunately for Dick, this memo was just the tip of the iceberg—he had a long history of misjudging events and making bad policy decisions, and as a result, department morale was in the dumps. The city council finally came to its senses and asked the chief to leave. However, Dick was hired as the chief of police in another midwestern town, thus perpetuating incompetent management.

**Source:** G. J. Curphy, A. Baldrica, and R. T. Hogan, *Managerial Incompetence*, unpublished manuscript, 2009.

could not predict what others would find funny, yet they described themselves as excellent judges of humor. Similarly, Nilsen[116](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note116a) reported that managers who consistently overrated their performance on 360-degree feedback instruments tended to overrate their performance on everything they did. Not only did these individuals believe they were good leaders, they also believed they were excellent drivers, mothers and fathers, athletes, dancers, judges of character, and so on, and they tended to overlook evidence that pointed to the contrary.

There appear to be two reasons why some leaders lack situational and self-awareness. First, some incompetent managers are self-deluding, and the most

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incompetent managers may be those who are the most self-deluding.[117](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note117a) These managers suffer from having a highly active [**reality distortion field**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos19a)**,** where they only take in information that is aligned with their self-perceptions and discount any evidence to the contrary.[118](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note118a),[119](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note119a) Second, some incompetent managers lack situational and self-awareness because they fail to heed direct report feedback. Incompetent leaders may spend considerably more time paying attention to and developing relationships with those who control their fate (that is, superiors) than with team members. They are also in a position where they can and often do ignore any feedback from their staff, even when this information would help them build teams and get results through others. And by regularly shooting the messenger, incompetent leaders dampen any additional feedback that would make them more effective and push self-starters over to the dark side of followership.

*I wouldn’t have been so mean to you over the past six months if I knew I was going to fire you.*

**Anonymous CEO**

So what can people in positions of authority do to eliminate a lack of situational and self-awareness as two underlying causes of managerial derailment and incompetence? Given the research findings, it is imperative that people wanting to be competent managers get regular feedback on their performance, ideally in the form of 360-degree feedback. It is also imperative that people in positions of authority regularly ask team members for ideas on improving team performance and find ways to stay abreast of important situational and follower events. By building teams of self-starters, competent managers encourage team members to share ideas and solutions for improving team morale and performance, even if this means telling leaders what they personally need to do differently in order to be more effective.

*General Tommy Franks was strategically illiterate and refused to think seriously about what would happen after his forces attacked…. Franks fundamentally misconceived his war, leading to the deaths of thousands of Americans and an untold number of Iraqis.*

**Thomas E. Ricks, journalist**

### Lack of Intelligence and Expertise: Real Men of Genius

The sixth root cause of managerial derailment concerns judgment. People are put into positions of authority to make decisions. Each of these decisions is essentially a problem-solving exercise, and the history and success of any organization are the cumulative sum of these problem-solving exercises. Organizations that do a better job of identifying the right problems to solve and developing effective solutions to these problems are often more successful than those that solve the wrong problems or develop ineffective solutions. Management consultant Peter Drucker has said that most businesses get into trouble because senior managers exercise bad judgment.[120](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note120a) Business leaders are supposed to direct resources toward activities that increase profitability, but they often decide to spend time and money completing projects that do not matter.

As described in [Chapter 6](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch06.xhtml), intelligence can be defined as the ability to think clearly. Some significant components of thinking clearly involve learning new information quickly, making good assumptions and inferences, seeing connections between seemingly unrelated issues, accurately prioritizing issues, generating potential solutions, understanding the implications of various decision options, and being quick on one’s feet. Although research has shown that people in positions of authority are generally brighter than others, the intelligence of managers varies greatly.[121](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note121a),[122](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note122a)

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Because a manager’s intelligence is directly related to his or her ability to make decisions, intelligence also affects managers’ ability to build cohesive teams and get results.[123](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note123a)–[127](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note127a) Smart managers tend to do a better job of recognizing problems, prioritizing issues, assigning team member roles, developing work processes, allocating workloads, hiring staff, and resolving problems, whereas less intelligent managers do more poorly on these issues. In other words, being smart improves the odds of being a competent manager; being less intelligent improves the odds of being perceived as incompetent.

But intelligence alone does not equal good judgment. A shortfall in critical knowledge also decreases a person’s ability to solve problems and make decisions and increases the odds of managerial incompetence. [**Subject matter expertise**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos20a) can be defined as the relevant knowledge or experience a person can leverage to solve a problem. People with high expertise have a lot of relevant knowledge and experience, whereas those with low expertise are unfamiliar with the task or problem at hand. For example, a marketing executive with 10 years of experience living overseas will have a lot more knowledge of how to effectively drive sales in Europe than will someone new to marketing who has never lived in another country. People with a lot of relevant expertise know what is to be done, how to get things done, and the interconnections between different processes and activities. They know which levers to pull to obtain a particular outcome and understand how decisions can affect activities three or four steps later in a procedure. Managers with relevant expertise have “street smarts”; they can use their knowledge of the what, how, and interconnections to help their teams set the right goals, adopt efficient work processes, and get superior results.

All positions of authority require some level of technical expertise. For example, manufacturing managers need to understand the ins and outs of the manufacturing process, suppliers, maintenance and operations procedures, safety, process control methods, budgets, and their interconnections. People run the risk of being seen as incompetent managers any time they move into jobs that are unrelated to their technical or functional expertise (see [Highlight 16.8](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box12)). Like intelligence, however, technical expertise is no guarantee that a person will be a competent manager. Too many people are promoted into positions of authority because of their technical expertise but fail as managers. Often the best programmers or accountants do a great job writing programs or reconciling the books but have difficulty getting teams of people to write great software or conduct effective audits. Even so, having relevant expertise increases the odds of being a competent manager, and lacking this expertise increases the likelihood of being perceived as incompetent.

Whereas subject matter expertise pertains to the knowledge and skills associated with a particular functional area or process, such as accounting or contracting, [**team-building know-how**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos21a) can be defined as the degree to which a leader knows the steps and processes needed to build high-performing teams.[128](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note128a)–[133](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note133a) As described earlier in this textbook, most people spend their careers working in groups but lack a fundamental understanding of what it takes to build cohesive, goal-oriented teams. Chances are good that most of these teams were led by those who were more dysfunctional than effective. These experiences lead to a lack of

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**Relevant Expertise and Managerial Derailment**

**HIGHLIGHT 16.8**

Debbie was a general manager at a management consulting firm. Debbie’s job was to ensure her office met its revenue, profitability, and productivity numbers each year. Her track record against these three criteria was less than stellar, as she had consistently missed her targets since taking over as the office leader. But she managed to convince the firm’s senior leaders that the office’s financial woes were primarily a function of the local economy and everyone in her office was working really hard. In reality, Debbie ran the office like a social club and was continually buying lunch for the office staff, setting up Friday night socials, and praising office staff for their performance (even though the office was not hitting its financial goals). Eventually everyone in the office came to believe that they were special and corporate would never understand the unique challenges they faced. Debbie often bragged that she had little financial savvy and even less interest in the performance of the office and truly believed her job was to improve staff morale.

One of Debbie’s multibillion-dollar clients asked for help in hiring a new executive vice president of human resources. The previous head of human resources had been let go because he had been unable to resolve some major staffing, compensation, and HRIS issues that were hurting the company’s bottom line. Debbie’s firm specialized in the assessment of executive talent, and she led the effort to evaluate the top three candidates for the executive vice president position. Debbie determined that all three candidates had significant shortcomings and suggested that the client consider her as a candidate. Desperate to fill the position, the client decided to hire Debbie on the spot. Had the client followed the process used to evaluate the other candidates, it would have discovered that Debbie lacked any corporate, senior executive, board of director, compensation, or HRIS experience; was likely to run human resources like a social club; and would foster a we–they mentality between her department and the rest of the company.

Although she was offered executive coaching from a former head of human resources to help her transition into her new role, Debbie felt she already knew what she needed to know and did not capitalize on this resource. Less than a month after starting, she made the first of what would be a series of fatal errors. Debbie looked somewhat frumpy and disheveled at her first board of directors meeting, and her presentation painted the CEO and several business unit leaders in an unflattering light. When the board raised questions about the costs and benefits of the strategic initiatives in her presentation, she stated that the company needed to do these things and costs were irrelevant. Board members were left scratching their heads and hoped that Debbie’s performance would improve at subsequent meetings. The CEO then asked Debbie to provide more detailed cost and return-on-investment estimates for her strategic initiatives at the next senior staff meeting. When pressed for details, it became apparent that Debbie had no idea how much these initiatives would cost and whether any benefits would drop to the bottom line.

Over the next few months, several major HRIS problems occurred, and the new compensation system devised by Debbie caused unprecedented levels of turnover among sales staff. To counter these problems, Debbie added about 20 percent more staff and quickly began overspending her budget. The CFO kept reminding Debbie about the company’s financial woes, but she countered that her people were the hardest working in the company and it would be some time before all their efforts paid off. As she had before, Debbie instituted regular lunches and happy hours and started pitting her staff against the rest of the organization. This went on for another six months before she was called into the CEO’s office and let go. She got a nice six-figure severance package for her efforts, but it was clear that Debbie’s lack of relevant expertise was one reason she was eventually dismissed.

**Source:** G. J. Curphy, A. Baldrica, and R. T. Hogan, *Managerial Incompetence*, unpublished manuscript, 2009.

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team-building know-how, which contributes to the high base rate of managerial incompetence. Although most people readily acknowledge the importance of teamwork, most managers have no idea how to make teamwork happen.

What can leaders do to make up for a lack of intelligence, relevant subject matter expertise, or team-building know-how? Technology and staffing can make up for shortfalls in intelligence and subject matter expertise. Some companies, such as McDonald’s, Target, UPS, and Best Buy, have sophisticated systems that give managers real-time information about revenues, costs, inventory turns, and the like to help them make better store staffing and stocking decisions. Generally speaking, the better the systems, the lower the intelligence needed to operate the systems. What is fascinating is that people with managerial aspirations and lower intelligence often gravitate to organizations with good systems. In other words, it is not unusual to find less intelligent but competent managers in organizations having good systems. These managers have learned how to leverage technology to make good judgments, which in turn helps them build teams and get results. Another way people with less intelligence and subject matter expertise can improve the odds of becoming competent managers is to surround themselves with smart, experienced people. People in positions of authority can leverage the intelligence and experience of their staffs to identify and prioritize problems and develop solutions that help their teams succeed. A third way to improve the odds of becoming a competent manager is through hard work. There are many ways to succeed in any particular job, and people can sometimes compensate for their lower intelligence and expertise by putting in extra effort and working longer hours. Modeling a strong work ethic can also have a contagious effect on team members, which in turn can build team cohesiveness and drive team success. Attending training programs can also help leaders build relevant expertise and understand how to build high-performing teams. Along these lines, the Rocket Model described earlier in this textbook gives managers a practical framework for understanding the critical components of and actions needed to improve team functioning and performance.

*You are the worst tumblr followers ever. You never interact with me. That’s it!*

**Anonymous Tumblr post**

### Poor Followership: Fire Me, Please

[Chapter 1](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch01.xhtml) introduced the concept of followership and how anyone in a position of authority has to play both leader and follower roles. [Part 3](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/part03.xhtml) of this textbook provided a more detailed explanation of followership and introduced the Curphy and Roellig Followership Model. As a reminder, this model states that followers vary on two dimensions, which are critical thinking and engagement. Self-starters are followers who seek forgiveness rather than permission, offer solutions, and make things happen. Brown-nosers work hard but are loyal sycophants who never challenge their bosses; slackers do all they can to get out of work; and criticizers believe their purpose in life is to point out all the things their bosses and organizations are doing wrong. As described in [Highlight 16.9](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box13), Joseph Lacher appeared to be someone who spent much of his career as a self-starter but became a criticizer after spending 20 months running Allstate’s home and auto insurance business units. Although he was able to build a loyal staff, his ability to get results was severely limited once his criticisms became public. Angering one’s boss through

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[**poor followership**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos22a), the seventh root cause of managerial incompetence and derailment, is not a particularly effective career advancement strategy, and Lacher paid the price for his insubordination.

*Managerial failure may be due more to having undesirable qualities than lacking desirable ones.*

**RT Hogan, Hogan Assessment System**

[Highlight 16.9](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box13) illustrates how people in positions of authority who are criticizers often become incompetent managers. People in positions of authority who are brown-nosers and slackers are also likely to be seen as incompetent managers. With their eagerness to do whatever their superiors tell them to do and their inability to make independent decisions, brown-nosers are likely to be seen as incompetent managers. Slackers are so disconnected from the workplace that they are unlikely to build teams or get results, and criticizers are usually no fun to be around. Thus followership not only affects how one leads, it also determines whether one is seen as a competent or incompetent manager.[134](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note134a)

**Want to Lose Your $3,200,000 Job? Call Your Boss a F—g A—e!**

**HIGHLIGHT 16.9**

Joseph Lacher graduated from the University of Notre Dame with a degree in aerospace engineering before joining the insurance industry in the early 1990s. He spent the first 18 years of his career working at Travelers Insurance, where he was quickly promoted to director, vice president, senior vice president, executive vice president, chief financial officer, and chief executive officer at different divisions in Travelers. Because of his rapid career progression, Lacher was hired by Allstate, the largest publicly traded insurance company in the United States. As the president of Allstate Protection Company and executive vice president of Allstate Insurance Company, Lacher was responsible for generating 80 percent of the company’s $30+ billion in annual revenues.

Thomas Wilson, the CEO of Allstate, felt the property and automobile insurance businesses at Allstate were lagging behind its competitors and brought in Lacher to turn things around. Lacher introduced a number of initiatives to improve his businesses but became increasingly frustrated with the magnitude and speed of the changes he was allowed to make. After 20 months as the head of property and automobile insurance, there were few improvements to revenues and margins, and the CEO was becoming dissatisfied with Lacher’s performance.

Allstate hosted an annual sales conference in 2011 that included more than 2,000 employees and agents. Lacher, one of the speakers at the conference, described initiatives to reduce the sales force and change compensation plans, initiatives that many in the audience did not like. Later that evening Lacher was at the bar speaking with some of the conference attendees who were disgruntled with his initiatives and said Tom Wilson was a “f-----g a-----e” if he didn’t take responsibility for the home and automobile insurance business results. His comments permeated the conference the next day; eight weeks later Lacher resigned from his position. Apparently “you’re not in good hands with Allstate” if you call your boss a “f-----g a-----e.”

Was Joseph Lacher a competent manager, taskmaster, figurehead, or cheerleader at Travelers or Allstate Insurance? What kind of follower was Lacher when he worked in these two organizations? What information would you need to make these determinations?

**Sources:** E. Holm and J. S. Lublin, “Loose Lips Trip Up Good Hands,” *Wall Street Journal*, August 1, 2011, pp. C1, C3; Mark Duell, “Meet the Insurance Executive Who Lost $3m Job after Calling His Boss a ‘F\*\*\*\*\*g A\*\*\*\*\*e’ in Bar,” *Daily Mail*, August 2, 2011, <http://www.dailymail.co.uk/news/article-2021391/meet-insurance-executive-lost-3m-job-calling-boss-f---g---e-bar.html>.

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So what can leaders do to avoid being seen as incompetent managers due to their followership types? The first thing they need to do is to realize that everything done at work (or even outside of work) counts. Day-to-day actions, work activities, Facebook and LinkedIn entries, tweets, blogs, and e-mail all affect their perceived followership types. It may not be enough to just build cohesive teams and get results—competent managers also need to build good relationships with peers and superiors if they want to get resources and decision-making latitude. Second, leaders need to honestly assess their follower type. If they are criticizers, brown-nosers, or slackers, they need to figure out why they are these less effective follower types and what they need to do to become self-starters. As described in [Part 3](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/part03.xhtml), a person’s immediate boss is the leading cause of dysfunctional follower types. A leader may be working for a boss who is incompetent, in which case finding another boss may be a viable option. (See [Highlight 16.10](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box14).)

*As matters stand now, a private who loses his rifle suffers far greater consequences than a general who loses his part of the war.*

**Anonymous U.S. Army colonel**

**Do Personnel Policies Promote Managerial (In)competence?**

**HIGHLIGHT 16.10**

Ninety-three percent of the 250 West Point graduates surveyed in 2010 indicate that the best and brightest leaders leave the service early rather pursue full military careers. The number-one reason why good leaders leave the U.S. Army is not frequent deployments (which ranks fifth), but frustration with the personnel system. Only 7 percent think the military personnel system does a good job retaining strong leaders, and 65 percent feel the system creates a less competent officer corps. The Army’s loss is the private sector’s gain, however, as having a military background improves the odds of becoming a corporate CEO three times more than any other life experience.

So what is it about the military personnel system that officers find so frustrating, and how does this system differ from those in the private sector? The U.S. military has a state-of-the-art personnel system from the 1960s: All job assignments are centrally planned; people with the same training are seen as functionally equivalent; officers must remain with the organization until their commitments are fulfilled; they must spend a certain time in grade before they are eligible for promotion; there are few meaningful metrics to measure results or team-building capabilities; innovation, risk taking, and failure are often career limiting; and everyone gets the same performance review ratings. All semblance of entrepreneurship and meritocracy are driven out of the system, and those who do stay in and get promoted in the military tend to be loyal, dutiful, and eager to please micromanagers who keep their bosses happy and get along with everyone.

This is quite different from many private-sector companies, where managers must recruit, hire, and live with their staffing decisions; employees tend to be treated as individuals; people can choose to leave employers if they are unhappy; there are better results and team-building metrics to judge performance; risk taking and innovation are rewarded; and promotions and compensation are more likely to be awarded on merit, rather than time in grade.

At one time the military personnel system was very similar to what is found in the private sector. When George Marshall was appointed the chief of staff of the Army and Army Air Corps in 1939, he believed that the 190,000 troops under his command were not even a “third-rate military power.” Over the next two years he eliminated more than 600 senior officers he felt were deadwood, and when World War II began, the generals serving below him had three to four months to lead troops in combat. Marshall rewarded innovation, risk taking, adaptability, and actual results. Dwight D. Eisenhower was a lieutenant colonel in 1939 and rose to become a

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five-star general under the Marshall system. As much as Marshall rewarded good performance, he made equally quick decisions about those who were not successful. Marshall’s system of reward and replacement fell by the wayside during the Korean War, however, as only a handful of military generals have since been removed from office by the military. Whereas corporate CEOs have a life expectancy of only three to four years, few generals are ever replaced for poor performance or incompetence.

Are the top military leaders in the United States that much better than their private-sector counterparts, or is something else going on? What information would you need to gather if you wanted to make comparisons between military generals and corporate CEOs in their abilities to achieve results and build teams? Why do you think that most retired generals move into civilian jobs that are much narrower in scope and responsibility than their military responsibilities?

**Sources:** A. Roberts, “A Few Good Leaders of Men,” *Wall Street Journal*, October 29, 2012, p. A19; T. E. Ricks, *Fiasco: The American Military Adventure in Iraq* (New York: Penguin Press, 2006); T. E. Ricks, *The Generals: American Military Command from World War II to Today* (New York: Penguin Press, 2012); S. Jayson, “Bad Bosses Can Be Bad for Your Health,” *USA Today*, August 5, 2012, <http://www.usatoday.com/news/health/story/2012-08-05/apa-mean-bosses/56813062/1>; C. Brooks, “Employees Reveal Why They Hate Their Bosses,” *Yahoo*, February 14, 2012, <http://news.yahoo.com/employees-reveal-why-hate-bosses-160226490.html>; T. Kane, “Why Are Our Best Officers Are Leaving?”*The Atlantic*, January 2011, <http://www.theatlantic.com/magazine/print/2011/01/why-our-best-officers-are-leaving/8346/>;

### Dark-Side Personality Traits: Personality as a Method of Birth Control

[**Dark-side personality traits**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos23a) are the eighth root cause of managerial incompetence and involves irritating, counterproductive behavioral tendencies that interfere with a leader’s ability to build cohesive teams and cause followers to exert less effort toward goal accomplishment.[135](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note135a)–[148](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note148a) A listing of 11 common dark-side traits can be found in [Table 16.2](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#tab16-2). Any of these 11 tendencies, if exhibited regularly, will decrease the leader’s ability to get results through others. And if you consider some of the worst bosses you have worked for, chances are these individuals possessed some of these 11 dark-side personality traits.

Several aspects of dark-side personality traits are worth noting. First, everyone has at least one dark-side personality trait. [Figure 16.2](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#fig16-2) shows a graphic output from a typical dark-side personality assessment inventory, which shows that this individual has strong leisurely and diligent tendencies and moderate cautious and dutiful tendencies (scores above the 90th percentile indicate a high risk and within the 70th to 89th percentiles indicate a moderate risk of dark-side tendencies). The results in [Figure 16.2](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#fig16-2) indicate that when in a crisis this leader will slow down the decision-making process, not follow though on commitments, tend to micromanage others, and not stand up for his or her followers and get them the resources they need. Second, dark-side traits usually emerge during crises or periods of high stress and are coping mechanisms for dealing with stress. People act differently when under stress, and the behaviors associated with dark-side traits help leaders

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*It is probably not an exaggeration to state that if individuals with significant narcissistic characteristics were stripped from the ranks of public figures, the ranks would be perilously thinned.*

**Jerrold M. Post, political psychologist**

**TABLE 16.2 Dark-Side Personality Traits**

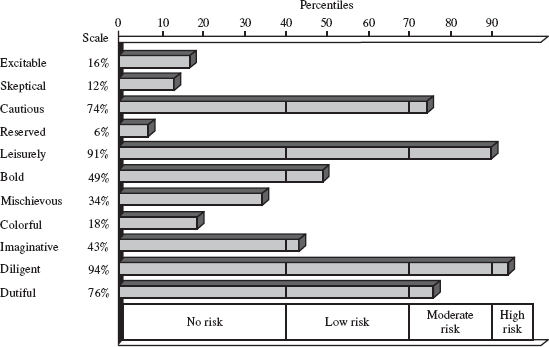
|  |  |
| --- | --- |
| **Excitable** | Leaders with these tendencies have difficulties building teams because of their dramatic mood swings, emotional outbursts, and inability to persist on projects. |
| **Skeptical** | Leaders with this dark-side trait have an unhealthy mistrust of others, are constantly questioning the motives and challenging the integrity of their followers, and are vigilant for signs of disloyalty. |
| **Cautious** | Because these leaders are so fearful of making “dumb” mistakes, they alienate their staffs by not making decisions or taking action on issues. |
| **Reserved** | During times of stress these leaders become extremely withdrawn and are uncommunicative, difficult to find, and unconcerned about the welfare of their staffs. |
| **Leisurely** | These passive–aggressive leaders will exert effort only in the pursuit of their own agendas and will procrastinate on or not follow through with requests that are not in line with their agendas. |
| **Bold** | Because of their narcissistic tendencies, these leaders often get quite a bit done. But their feelings of entitlement, inability to share credit for success, tendency to blame their mistakes on others, and inability to learn from experience often result in trails of bruised followers. |
| **Mischievous** | These leaders tend to be quite charming but take pleasure in seeing if they can get away with breaking commitments, rules, policies, and laws. When caught, they also believe they can talk their way out of any problem. |
| **Colorful** | Leaders with this tendency believe they are “hot” and have an unhealthy need to be the center of attention. They are so preoccupied with being noticed that they are unable to share credit, maintain focus, or get much done. |
| **Imaginative** | Followers question the judgment of leaders with this tendency because these leaders think in eccentric ways, often change their minds, and make strange or odd decisions. |
| **Diligent** | Because of their perfectionist tendencies, these leaders frustrate and disempower their staffs through micromanagement, poor prioritization, and an inability to delegate. |
| **Dutiful** | These leaders deal with stress by showing ingratiating behavior to superiors. They lack spines, are unwilling to refuse unrealistic requests, won’t stand up for their staffs, and burn them out as a result. |

Source: Hogan Assessment Systems, *The Hogan Development Survey* (Tulsa, OK: 2002).

deal with stress more effectively. The problem is that although these coping behaviors positively affect leaders’ ability to deal with stress, these same behaviors negatively affect followers’ motivation and performance. Although yelling and temper tantrums might help leaders blow off steam (excitable), such behavior makes followers feel like they are walking on eggshells and wonder if they are going to be the next target of their leader’s tirades.

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**FIGURE 16.2 Leadership Challenge Profile**



**Source:** Adapted from Hogan Assessment Systems.

Third, dark-side traits have a bigger influence on performance for people in leadership versus followership roles. Individual contributors might have leisurely or cautious tendencies, but because they do not have to get work done through others these tendencies have less impact on their work units than if these same individuals were first-line supervisors or business unit leaders. These individual contributors may not be fun to work with, but their counterproductive tendencies will not be as debilitating as they would be if these people were leading teams. Fourth, dark-side traits are usually apparent only when leaders are not attending to their public image. In other words, people will not see the behaviors associated with dark-side traits when leaders are concerned with how they are coming across to others. These tendencies are much more likely to appear under times of stress, when leaders are multitasking or focusing on task accomplishment, during crises, or when leaders feel comfortable enough around others to “let their guard down.”[149](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note149a)–[153](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note153a) And given the high levels of stress, challenge, and complexity associated with most leadership positions, the conditions are ripe for the appearance of dark-side traits.

*There are two ways to measure a leader’s dark side. Either have them take a dark side personality trait assessment or get their followers into a bar, buy them a couple of drinks, and have them share how their boss is pissing them off.*

**Gordy Curphy, author**

Fifth, many dark-side traits covary with social skills and are difficult to detect in interviews or assessment centers or with bright-side personality inventories.[154](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note154a)–[158](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note158a) In other words, people who possess bold, mischievous, colorful, and imaginative dark-side traits often do well in interviews and get hired as a result. Only after these individuals have been on the job for some time do their dark-side tendencies begin

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to emerge. Sixth, the 11 dark-side personality traits are related to extreme FFM or OCEAN scores. For example, being diligent is often associated with extremely high conscientious scores, and being excitable is associated with extremely low neuroticism scores. However, just because a person has an extremely high or low OCEAN dimension score does not necessarily mean that he or she also possesses the corresponding dark-side personality trait. Seventh, the behaviors associated with dark-side personality traits can occur at any leadership level, and many times organizations tolerate these behaviors because a leader is smart or experienced or possesses unique skills (see [Profiles in Leadership 16.1](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box2), [16.2](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box3), [16.3](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box4), and [16.4](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box8)). Along these lines, people with bold tendencies are particularly adept at moving up in organizations. Nothing ever got launched without a healthy dose of narcissism, and leaders with bold tendencies are quick to volunteer for new assignments, take on seemingly impossible challenges, and consistently underestimate the amount of time, money, and effort it will take to get a job accomplished. In some cases these leaders pull off the seemingly impossible and get promoted because of their accomplishments. But when things go badly (which they often do), these same leaders are quick to blame the situation or others for their failures and as a result never learn from their mistakes.[159](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note159a)–[163](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note163a) (See [Highlight 16.11](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box15)).

**Digital Narcissism**

**HIGHLIGHT 16.11**

[**Narcissism**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos24a) can be defined as a grandiose sense of self-importance, feelings of being extraordinarily talented and entitled, supreme self-confidence, taking big risks, wanting to be the center of attention, self-absorption, and seeing interpersonal relationships as way to exploit others and is closely related to the bold dark-side personality trait depicted in [Table 16.2](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#tab16-2) and [Figure 16.2](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#fig16-2). Research shows that narcissism covaries with being seen as leader like and self-ratings of leadership effectiveness. Other research has found that too much or too little narcissism negatively affects others’ perceptions of leadership effectiveness. In other words, narcissists are often seen as being leaders, but whether or not they are any good at it is an entirely different thing. Having some self-confidence and being able to draw attention to oneself when needed can help leaders build teams and get things done through others, but too much or too little self-confidence makes it difficult to build teams that achieve results.

Are the Internet, social media platforms, and smartphones causing people to become more narcissistic? A study of 37,000 U.S. college students showed that rates of narcissism have increased faster than those for obesity since the 1980s. Showing off has never been easier or more celebrated, and we now live in a world where people are constantly broadcasting their lives, celebrating themselves, and endlessly looking to gain status or approval. The pressure to keep up can cause people to set unrealistic goals, but many are unwilling to put in the time and effort needed to achieve the fame they so desperately desire.

Because narcissists are seen as leader like, they often rise to the top of organizations, but power and narcissism are usually not a good combination. Narcissistic CEOs are more likely to make foolish acquisitions and risky business decisions, break rules, lie, cheat, control and manipulate others, ignore feedback, and expect others to cater to their whims and fawn other them. Overconfident

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self-deceivers are adept at deceiving others, at least for a while, but eventually they wear out their welcome when the downside of their narcissism comes to light.

Is U.S. President Donald Trump a narcissist? Why or why not? How about Kanye West, Khloe Kardashian, or Nikki Haley? What information would you use to make these decisions?

**Sources:** E. Grijalva, P. D. Harms, D. A. Newman, B. H. Gaddis, and R. C. Fraley, “Narcissism and Leadership: A Meta-analytic Review of Linear and Nonlinear Relationships,” *Personnel Psychology* 68, no. 1 (2015), pp. 1–48; C. J. Resick, D. S. Whitman, S. M. Weingarden, and N. J. Hiller, “The Bright-Side and Dark-Side of CEO Personality: Examining Core Evaluations, Narcissism, Transformational Leadership, and Strategic Influence,” *Journal of Applied Psychology* 94, no. 6 (2009), pp. 1365–84; Hogan Assessment Systems, *Digital Narcissism*, <http://www.hoganassessments.com/thought-leadership/digital-narcissism/>; “Schumpeter: Going Off the Rails,” *The Economist*, November 30, 2013, p. 67; “Schumpeter: The Trump in Every Leader,” *The Economist*, September 5, 2015, p. 63; J. Pfeffer, “Everything We Bash Donald Trump for Is Actually What We Seek in Leaders,” <http://www.daedalustrust.com/everything-we-bash-donald-trump-for-is-actually-what-we-seek-in-leaders-2015/>; T. Chamorro-Premuzic, “Is Over-Confidence Poisoning Your Business?” <http://www.hrmonline.com.au/section/featured/is-over-confidence-poisoning-business/>, S. Lamba and V. Nityananda, “Self-Deceived Individuals Are Better at Deceiving Others,” *PLoS One*, August 24, 2014, <http://journals.plos.org/plosone/article?id=10.1371/journal.pone.0104562>.

The final point to be made about dark-side tendencies is that they are probably the leading cause of managerial incompetence. Dark-side traits are prevalent (everybody has at least one), they are virtually impossible to detect using the most common selection techniques (interviews and résumés), and they tend to emerge during periods of stress (workloads, workplace stress, and burnout are at all-time highs these days). Competent managers are those who have gained insight into their dark-side traits and have found ways to negate their debilitating effects on followers.

If virtually everyone has dark-side personality tendencies, what can individuals and organizations do about them? First and foremost, leaders and leaders-to-be need to identify their dark-side personality traits. This can be done by asking trusted others about how they act under pressure or what behaviors interfere with their ability to build teams, or by completing a dark-side personality assessment. Once these counterproductive tendencies are identified, leaders need to understand the situations or conditions in which these tendencies are likely to appear. Again, dark-side traits are most likely to appear under stress and heavy workloads, so finding ways to better manage stress and workloads will help reduce the impact of these dark-side tendencies. Just being aware of our dark-side tendencies and understanding the circumstances in which they appear will go a long way toward controlling the manifestation of counterproductive leadership behaviors. Exercise and other stress reduction techniques, and having trusted followers who can tell leaders when they are exhibiting dark-side traits, can also help control these tendencies. Finally, having lower scores on the OCEAN dimension of neuroticism also helps with some of these dimensions because these leaders seem to be better able to cope with stress than those with high scores. (See [Highlight 16.12](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box16).)

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**How the Mighty Fall**

**HIGHLIGHT 16.12**

[Chapter 15](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch15.xhtml) included a highlight about Jim Collins’s book *Good to Great*, which describes an alternative approach to organizational change. Collins and his research team investigated the performance of 1,400 publicly traded companies and determined that the top performers shared some common attributes. Several years later Collins and his team reexamined this database to determine if there were any common themes among once highly successful companies that subsequently failed. Some of these formerly high-flying companies included Zenith, Rubbermaid, Bear Sterns, Lehman Brothers, Circuit City, Ames Department Stores, and AIG. Collins believes companies that stumble go through the following five-stage process:

* *Stage 1—hubris born of success:* Great businesses become insulated by success, and leaders with strong business results often become arrogant, adopt an entitlement mentality, and lose sight of what made their companies successful. They often get away with poor business and staffing decisions because their companies have such strong balance sheets.
* *Stage 2—undisciplined pursuit of more:* Because of the arrogance in stage 1, top leaders focus on growth, acclaim, and whatever those in charge deem as “success” and pursue ideas that are unrelated to the core business. Organizations that cannot fill all their key positions with internal talent because of their growth initiatives are probably in stage 2 decline.
* *Stage 3—denial of risk and peril:* As the warning signs from stage 2 begin to emerge, companies place the blame for their lack of success on external factors rather than on their own risky decisions to expand. In this stage vigorous, fact-based discussions disappear, and top leaders explain away or discount negative information.
* *Stage 4—grasping for salvation:* As the warning signs translate to actual business results and companies begin to drown in red ink, they often grasp at anything that will save them. This salvation sometimes comes from outside charismatic leaders, bold but untested strategies, hoped-for blockbuster products, or game-changing acquisitions. The initial results from these activities may appear positive but are often short-lived.
* *Stage 5—capitulation to irrelevance or death:* Accumulated setbacks and the continuous erosion of financial performance causes top leaders to lose hope and sell out; and the longer companies remain in stage 4, the more likely they will be declared bankrupt or be acquired by their competitors.

Collins believes most companies go through some of these stages, but the successful ones recognize when they are in stages 1 or 2 and then take steps to avoid moving into stages 3 or 4. The farther companies slide down the five-stage process, the harder it is for them to turn things around.

Although Collins does not write about managerial incompetence or derailment in his book, what role do you think these concepts play in his five-stage process? Where do the root causes of managerial incompetence and derailment come into play in this five-stage process?

**Source:** J. Collins, *How the Mighty Fall* (New York: HarperCollins, 2009).

### Leadership Motivation: Get Promoted or Be Effective?

The ninth factor contributing to managerial incompetence and derailment has to do with motivation, and there are two aspects of [**leadership motivation**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos25a) worth noting. Some people in positions of authority are smart, have plenty of relevant expertise, do not have dark-side personality traits, and are excellent followers but

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have absolutely no desire to lead. Many of these individuals were self-starting followers—they solved problems, sought permission rather than forgiveness, were fully engaged, worked hard, completed assignments, never complained, and were fun to be around. Because of their strong work ethic and ability to get things done, these individuals are often awarded promotions for the contributions they make to their teams and organizations. It is not unusual for the best coders, sales representatives, customer service representatives, or teachers to be promoted into supervisory roles, and this notion fits in well with meritocracies, where the best performers are given the greatest rewards. But the decision to promote a team’s best performers can have three unintended consequences. First, the team has lost its best players, as sales managers usually do not manage customer accounts and project managers no longer code. Second, the person being promoted may have outstanding individual contributor skills but questionable leadership skills. Writing code and sales contracts is very different from managing those building apps and closing deals with customers. Third, the person being promoted may have no desire to lead. He or she may take a promotion out of gratitude or to not make waves but may in reality prefer being an individual contributor rather than a leader. Those who lack the motivation to lead will likely make lousy leaders. Organizations can avoid making this mistake by asking high performers about their motivation to lead before conferring promotions. If the motivation to lead is lacking, then organizations can still reward their high performers by giving them interesting work assignments, letting them work from home, giving them public recognition or bonuses, and the like.

A second and more insidious problem with leadership motivation concerns the underlying reasons for wanting to move into positions of authority. Thirty years ago Fred Luthans and his associates recorded the day-to-day activities performed by a large group of managers in a financial services firm and noted that most people fell into two leadership types. [**Successful leaders**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos26a) spent most of their day networking, staying on top of office politics, flattering superiors, doing whatever their bosses wanted, demonstrating unflagging loyalty, not making any waves, and self-promoting. They spent relatively little time managing their people, teams, and business results. The number-one motivator for these ambitious types was getting promoted, and the researchers reported that successful leaders moved through the ranks relatively quickly and made up the largest group in the study.

[**Effective leaders**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos27a) made up the second group of managers in this study, and the underlying motivation for these individuals was to beat the competition. In this case the competition was not the people in the offices next door, but rather the other sales teams, manufacturing plants, software development teams, or military units in their respective fields. Effective leaders spent most of their time engaging and developing followers, securing needed resources, clearing obstacles, building high-performing teams, devising strategies to win, and driving results. They spent relatively little time managing their bosses or performing the strategic sucking-up behaviors associated with successful leaders. Luthans reported that effective leaders made up a minority of those observed, and only 10 percent of the managers in their sample exhibited the behaviors associated with both successful and effective leaders.[164](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note164a)–[166](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note166a)

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Most organizations want effective leaders to be in positions of authority, but more often than not, successful leaders are the ones tapped to fill these roles. This is particularly the case when organizations and functions lack reliable performance metrics and human judgment rules the day in promotion decisions. Many government agencies; the military; nongovernmental and charitable organizations; and the IT, legal, human resources, finance, public affairs, and corporate communications functions are often riddled with those who flatter their bosses and make no enemies but get little accomplished. When who you know and organizational politics play bigger factors in promotability than does job performance, you can rest assured that these organizations and functions will be populated with high percentages of successful leaders. These leaders tend to surround themselves with other successful leaders, which leads to the moronization of management phenomenon described in [Highlight 16.4](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#box7).

So what does leadership motivation mean for leaders and leaders-to-be? First, those wanting to become leaders need to be clear on their reasons for moving into positions of authority. If they are doing so out of a sense of obligation rather than a desire to be a leader, then they should think seriously about not taking a promotion, as those uninterested in doing what is needed to be an effective leader could eventually become disengaged and derail. Second, if people are pursuing promotions for their own selfish reasons and have no interest in using their positions to help their teams or organizations get better results, then they need to identify the organization’s key power brokers and do all they can to network and please their bosses, as flattery rather than performance will be their route to the top. Those motivated to be effective leaders need to be ruthless judges of talent to ensure the right people are on the team; in addition, they need to engage and support their followers, help followers see the links between their individual activities and team success, get their followers working as a team, and relentlessly pursue results. People always have a choice when it comes to getting promoted, but their choices will have a profound impact on the people and teams they lead. Choose well.[167](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note167a)–[170](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note170a)

### Leadership b.s.: Myths That Perpetuate Managerial Incompetence

The final factor contributing to high rates of managerial incompetence and derailment concerns the misunderstandings organizations have about leadership. Because there is no commonly accepted definition of leadership, organizations often fall for the latest fads or marketing campaigns surrounding different leadership concepts and fail to think critically about the research or practical implications of these approaches. Although adopted with the right intentions, organizations promoting certain leadership concepts can unwittingly contribute to their managerial incompetence problems. Some of these more popular but misconstrued concepts include leader humility, authenticity, integrity, and servant leadership.

Jim Collins identified [**humility**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos28a) as a critical leadership attribute in his book *Good to Great*,[171](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note171a) and it certainly helps leaders engage employees, build teams, and get results through others. Yet as we noted in the previous two sections, humble

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leaders often get left behind by their narcissistic, self-promoting counterparts, particularly in organizations and functions lacking robust, data-based performance management systems. Being humble is nice, but effective leaders wanting to get promoted need to master the art of self-promotion or run the risk of being passed over.[172](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note172a) Likewise, [**authenticity**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos29a) is often touted as a critical component of effective leadership, and authentic leaders are believed to possess a high degree of insight into their strengths, limitations, and emotions; align their words and actions; and develop honest, transparent relationships with followers.[173](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note173a) On the surface, authentic leadership makes sense, but dig a bit deeper and cracks begin to appear in the concept. First, according to this definition, Osama bin Laden and Adolf Hitler were authentic leaders. People can be true to their values and develop open relationships with their staffs and still be responsible for the deaths of millions of people. An argument could be made that these two leaders were not ethical, but they were highly ethical to their followers. Who gets to decide what is and is not ethical? Second, followers may not want their leaders to be authentic. Leaders, like everyone else, have thoughts and impulses followers do not want them to act upon, and one of the reasons organizations have policies and societies have laws is to keep leaders’ more basic impulses in check. Ideally followers want leaders who can adjust their behavior to situational and follower demands and keep their egos under control.[174](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note174a)–[177](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note177a)

[**Integrity**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos30a) and [**servant leadership**](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos31a) can also lead to managerial incompetence. Followers certainly want leaders who tell the truth and whom they can trust, but research shows that 40 percent of people lie in any 24-hour period and 80 percent of dating profiles contain false information. Moreover, leaders often rationalize their lying (it is for the good of the team or organization) and followers often cannot immediately tell when they are being lied to. As a result, leaders break commitments all the time and followers end up trusting the wrong people. As a philosophy, servant leadership makes sense: If leaders take care of their followers, then followers will take care of customers and teams will achieve winning results. The problem is that in any situation, three competing interests are at play: those of the leader, the followers, and the organization. With CEO pay currently at 200–300 times that of the average U.S. worker, it is easy to tell where many leaders’ primary interests lie. Talking a good game about servant leadership is one thing; receiving huge bonuses, having a choice parking spot, sitting in a killer office, and flying on a corporate jet tells an entirely different story.[178](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note178a),[179](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note179a)

There is certainly nothing wrong with wanting our leaders to be humble, authentic, truthful, and service oriented. Things go awry when organizations promote these concepts, followers expect to see them in their leaders, and those getting promoted end up being ambitious, greedy, self-promoting politicians who would throw followers under a bus if it would help them get promoted. This disconnect between how things ought to be versus what really happens in organizations is likely a major contributor to employee disengagement and turnover. So what can organizations do to better align their own and employees’ expectations about who should occupy positions of authority and who actually does so? First and foremost, organizations need to get more comfortable using data, rather than only human judgment, to

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make hiring, high-potential selection, performance, and promotion decisions. Time and again, data and statistical analysis has been proven to make better people decisions than human judgment, but senior leaders are reluctant to give up the notion that they are not good at picking winners. Second, organizations need to adopt better systems for evaluating and developing leadership talent. The billions of dollars spent on leadership development every year are largely wasted on the wrong people, content, and methodologies; better selection and performance management systems would also reduce managerial derailment and incompetence.[180](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#note180a)

Summary

As stated at the beginning of this chapter, leadership is arguably the most important concept in the world today. Who is in charge determines whom you can marry, where you work, how your kids will be educated, and whether you can travel freely or express your opinions. Although many people in Western societies take these freedoms (and to some extent leadership) for granted, most people in the world today do not enjoy these privileges. Most people live under some form of dictatorship and have little say in what they do, whom they interact with, or who is in charge. Although the people in charge of dictatorships may find leadership to be relatively easy, those in positions of authority in more democratically oriented countries often find leadership to be a tremendously complex task. To succeed in these roles, leaders need to build teams and get results through others, but accomplishing these two ends is challenging. There are many ways for people in positions of authority to fail, and unfortunately most people are not particularly effective leaders.

This chapter began with a discussion of destructive leadership. Destructive leaders are those who can build teams but achieve results that are morally reprehensible or undermine organizational success. The current heads of North Korea, Belarus, South Sudan, Syria, and Turkmenistan could be considered destructive leaders in that they have built loyal teams of followers but have done little to improve the lives of the vast majority of their citizens. Destructive leadership is not restricted to the world stage: Many community and nonprofit leaders, first-line supervisors, mid-level managers, and executives who can build teams also get results that are misaligned with the needs of a majority of their constituents or their parent organizations. And exactly what constitutes good or destructive leadership may not be straightforward—initiatives initially deemed destructive might prove to be good in the long run.

Managerial incompetence describes people in positions of authority who have difficulties engaging followers, building teams, or getting results through others. Research shows that most people in positions of authority are perceived as incompetent by many of their followers. Managerial derailment is closely related to managerial incompetence and pertains to the reasons why competent managers can be seen as ineffective. Some of the reasons why high-potential leaders become ineffective managers are because of their unpreparedness for promotion or their inability to build teams, achieve business objectives, get along with others, or adapt to new

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situations. Although the managerial derailment research has been conducted on people who were once seen as high-potential candidates, it seems likely that these reasons for failure can apply to anyone in a position of authority.

The fact that most people know why leaders fail shows that simply knowing the common reasons for derailment is not enough to prevent it from happening. Something else must be occurring to cause a majority of persons in positions of authority to be seen as incompetent. Some not-so-obvious root causes for managerial incompetence and derailment include overwhelming situational and follower factors; a lack of organizational fit; a lack situational and self-awareness; a lack of intelligence and relevant expertise; poor followership; dark-side personality traits; problems with leadership motivation; and common misunderstandings about leadership. Unfortunately, any one of these factors can cause people in positions of authority to fail, and many times a combination of these underlying causes may be at fault. The good news is that leaders and leaders-to-be can take steps to mitigate the impact of these factors on their ability to build teams and get results.

**Key Terms**

[destructive leadership, *638*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos1)

[managerial incompetence, *639*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos2)

[managerial derailment, *639*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos3)

[base rate of managerial incompetence, *644*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos4)

[Dr. Gordy test, *646*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos5)

[competent manager, *649*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos6)

[moronization of management, *650*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos7)

[high-potential managers, *650*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos8)

[failure to meet business objectives, *651*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos9)

[inability to build and lead a team, *651*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos10)

[inability to build relationships, *654*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos11)

[inability to adapt, *655*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos12)

[inadequate preparation for promotion, *656*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos13)

[episodic managerial incompetence, *661*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos14)

[chronic managerial incompetence, *661*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos15)

[organizational fit, *662*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos16)

[situational awareness, *664*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos17)

[self-awareness, *664*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos18)

[reality distortion field, *666*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos19)

[subject matter expertise, *667*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos20)

[team-building know-how, *667*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos21)

[poor followership, *670*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos22)

[dark-side personality traits, *672*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos23)

[narcissism, *675*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos24)

[leadership motivation, *677*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos25)

[successful leaders, *678*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos26)

[effective leaders, *678*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos27)

[humility, *679*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos28)

[authenticity, *680*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos29)

[integrity, *680*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos30)

[servant leadership, *680*](https://jigsaw.vitalsource.com/books/9781260167702/epub/OPS/xhtml/ch16.xhtml?favre=brett#glos31)

**Questions**

1. The base rate of managerial incompetence is estimated to be 50 to 75 percent. This means that a majority of people in positions of authority have difficulties getting a group of people to work effectively together or get results. What do you think about this percentage of incompetent managers? For example, is it too high or low, and why?

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1. Think about the ineffective leaders you have worked or played for. What dark-side traits did these leaders possess that caused them to be ineffective?
2. Do you know anyone who has derailed from a leadership position? What did the person do? Use the leader–follower–situation model and the eight underlying causes of derailment to explain what happened.
3. What role would downsizing play in an organization’s overall level of subject matter expertise?
4. Is Xi Jinping, the president of China, a destructive, incompetent, successful, or effective leader? What data could you use to make this evaluation? Would your evaluation of Xi Jinping change if you lived in rural China, Tibet, or Hong Kong; were a member of the Communist Party; or owned a large business in China?

**Activities**

1. Count how many leaders for whom you have worked, played, or performed in the past. This number should include any position in which you were in a followership role. Once you have a total, count how many of these leaders for whom you would willingly work, play, or perform again. Then calculate the ratio of effective managers to total managers. What was the overall average and range of ratios for your group or class? What were the common characteristics of those who designated as the best and worst leaders for your group or class? What do these ratios say about how well organizations select and develop their leaders?
2. Get into small groups and discuss whether the following people were successful, effective, incompetent, or destructive leaders. Provide the rationale and facts to support your positions.

* Daniel Ortega
* Evo Morales
* Nancy Pelosi
* Heather Bresch
* Donald Trump
* Howard Schultz
* Marine Le Pen
* Abdel Fattah el-Sisi
* Benjamin Netanyahu
* Theresa May

1. Investigate and prepare short presentations about the underlying causes of derailment or incompetence for the following people:

* Gulnara Karimova
* Abby Lee Miller
* Stanley McChrystal
* Holly Graf
* Travis Kalanick
* Anthony Weiner
* Park Geun-hye
* Roger Ailes
* Jacob Zuma
* Bashar al-Assad
* Dilma Rousseff

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Minicase  
You Can’t Make Stuff Like This Up

Steve once worked as a regional sales director for a large health insurance company called Blue Star Health. Blue Star Health was once quite successful but had become complacent over the past five years. Competitors gained market share using aggressive marketing and sales tactics, and Blue Star was selling antiquated products and using inefficient processes for settling claims. With falling revenues and margins, Blue Star became an acquisition target and was bought by Anthum, a *Fortune* 100 company. At the conclusion of the deal Anthum brought in an injection of cash, a reputation for operational excellence, and a new vice president of sales, Jim Blaylock. The CEO of Anthum described Jim as bright, experienced, successful, and “more energetic than the Energizer Bunny.” Jim had joined the corporation immediately after college; because of his “potential” the company sent him to law school and rapidly promoted him into increasingly responsible positions. Senior management had tremendous confidence in Jim’s leadership abilities and appointed him as the vice president of sales in Blue Star Health, even though he had no previous sales experience.

Steve was initially impressed with Jim’s freshness and energy; he was constantly touting “midwestern values” and the “work ethic of the Midwest.” However, the sales management team soon became disenchanted with his views: Steve and his sales team were working 70 to 80 hours a week and becoming exhausted and frazzled. Moreover, Jim’s interactions with internal and external clients were lessons in poor human relations. He seemed to seek confrontations, and as time passed, his behavior became steadily more extreme. Jim harangued people, ignored appointments and made no excuses for missing them, made promises he never kept, called sales directors at 6:00 a.m. with insignificant questions, and abused brokers. Those who questioned Jim’s leadership were summarily dismissed.

One day Jim asked Steve to arrange a meeting with a broker at 9:00 p.m. The broker was from a large benefit house and was older, and the meeting time was late. However, he was a longtime personal friend of Steve’s and as a courtesy agreed to the meeting. Jim did not show up for the appointment and would not answer Steve’s calls to his cell phone. After an hour, Steve and the broker went home. When Steve asked Jim why he missed the appointment, he said he was drinking with a friend and did not think the meeting with the broker was important. Jim refused to apologize to the broker and was surprised when business with the broker’s organization came to an end.

Jim loved working on high-visibility projects and landed an opportunity to convert the membership of another acquired company to Anthum. This was an important project for Anthum, and shortly thereafter Jim set up an elaborate “war room” in which all sales planning and action would take place. He asked Steve to lead the conversion project, repeatedly announcing that the acquisition was to garner new contracts and to bring quality employees into the organization. At this point Steve had over 70 direct reports in five different locations across the state

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and some aggressive sales targets. It would be impossible for Steve to hit his revenue numbers and run the conversion project. But Jim cut Steve no slack, and the computer system intended to convert the contracts did not work. Jim spent no time with any of the newly acquired sales team members, and as a result they showed no interest in working for Anthum. Yet Jim made grandiose statements about the quality of the sales force at the acquired company, which implied the current sales employees were unsatisfactory and fostered a sense of mistrust in both sales organizations.

Because of Jim’s shoddy treatment, the long hours, and poor sales and invoicing processes, the morale of the sales team began to plummet. Tantrums and tears occurred frequently, and Steve spent a lot of time smoothing ruffled feathers and telling team members that things would get better over time. But there was only so much Steve could do, and as team members began to quit, Jim blamed Steve for the decline in department morale. As the situation continued to deteriorate, Steve requested that Jim meet with the remaining staff to talk about their frustrations with Anthum. Jim opted to set up an all-employee breakfast at a local restaurant to address their concerns.

The night before the meeting a major snowstorm hit the city, and the streets were covered with a foot of snow. Some employees had to drive 40 miles to attend the meeting, but everyone made it to the restaurant. The only person missing was Jim, and Steve started calling him 10 minutes before the meeting start time to check on his status. Jim did not answer, so Steve began to call and leave messages every five minutes. Jim finally answered his phone 30 minutes after the meeting start time and told Steve that the reason he was not at the meeting was that he decided to go skiing and people would have to meet with him another day. He also asked Steve to quit bugging him by leaving messages every five minutes. Steve could do little to put a positive spin on this message, and the employees left the restaurant bitter and hurt. Of the 60 people who showed up for the meeting, only one was still with Anthum six months later. Jim never acknowledged his behavior and was “shocked” at the turnover in the sales group. Despite the turnover and declining sales revenues, Jim was still considered the company’s darling, and it was commonly believed that the CEO tacitly condoned his behavior.

1. Was Jim Blaylock a destructive leader, a competent manager, a taskmaster, a figurehead, or a cheerleader? What data would you use to make this determination?
2. If Jim was an incompetent manager, what do you think were the underlying root causes of his incompetence?
3. Why do you think Jim was seen as a high-potential candidate? Why did the CEO still think he was a high performer?
4. What would you do if you were Jim’s boss and heard about the information described here?
5. What would you do if you were Steve?

**BOOK INFORMATION**

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