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# WHY CEOs FAIL

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The 11 Behaviors That Can Derail  
Your Climb to the Top  
—and How to Manage Them

DAVID L. DOTLICH  
PETER C. CAIRO

Forewords by  
Ram Charan and  
Robert Hogan



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*To all of the leaders we have worked with  
who have opened themselves to learning and  
to us, and in the process created this book.*



## FOREWORD

According to David Dotlich and Peter Cairo, leadership failure is a behavioral phenomenon. In other words, it doesn't just happen. It's not just the result of a downturn in the economy or other events over which we have little control.

Instead, leaders fail because of who they are and how they act in certain situations. Especially under stress, they respond with a pattern of behavior that can sabotage their jobs and careers. They rely on a specific way of thinking, speaking, and acting that ultimately causes them to fail. Many times, they're not even aware that their behaviors have become reflexive.

This book makes a significant contribution to the literature of leadership, in that it identifies eleven behavioral patterns that can result in failure and suggests how CEOs and other leaders can learn to manage these patterns.

This is a book based on experience. The authors have worked with many of the world's top executives and organizations for years, and they write from their keen perception of human behavior in organizational settings. They understand both why leaders fail and why they succeed, and this understanding is evident in the stories they tell and in their useful suggestions.

Dotlich and Cairo have also drawn on the work of psychologist Robert Hogan, whose research about "leadership derailers" is extensive and perceptive. As the authors readily acknowledge in the following pages, this research has provided them with insights about the behaviors they've observed.

Why do CEOs and other leaders fail? Different authors have different answers, but here you'll find eleven provocative reasons that will cause you to look at failure from a fresh perspective and take steps to prevent your own potential derailers from interfering with your leadership effectiveness.

*Dallas, Texas*  
*February 2003*

Ram Charan

## FOREWORD

Leadership is the most important topic in the managerial sciences. Although Marxist-inspired theorists argue that leaders are created by historical circumstances, more psychologically oriented people believe that leadership is a function of the characteristics of individuals. This book is based on a psychological view of leadership; although such an assumption seems commonsensical, it has been the topic of furious academic debate over the years.

Having decided that leadership is the function of individual characteristics, the next question is, What are the characteristics that define leadership? Here is where matters begin to get seriously murky. The published literature on leadership is immense—actually overwhelming—and it is growing daily. This literature falls neatly into two camps; I refer to them as the Troubadour Tradition and the Academic Tradition. The Troubadour Tradition is by far the largest. It consists of such amiable works of pop fiction as *Leadership Lessons of Genghis Khan*, *Leadership Lessons of Jesus Christ*, and *Leadership Lessons of Abraham Lincoln*. It also consists of the opinions and score-settling reminiscences of countless former CEOs. From an empirical perspective, these works are high on entertainment value but low on truth value, and we can derive few defensible generalizations from them. On the other hand, the Academic Tradition contains many, many empirical nuggets, little gems such as “Leaders tend to be slightly taller than their constituencies.” This is a valid statistical generalization but one that clearly doesn’t apply to Admiral Horatio Nelson (the hero of the

battle of Trafalgar, who saved England from French domination), Napoleon Bonaparte (the wannabe dominator), Winston Churchill (who saved England from German domination), or even America's own Jimmy Carter. From the perspective of a (nonacademic) layperson trying to understand leadership, the Academic Tradition has two problems: many of its insights are relatively trivial, and few of the insights replicate—there is little agreement across empirical studies regarding the defining characteristics of leadership.

So what do we know about leadership that is actually the case? The answer depends on how we define leadership, which is another vexed issue. My preference for resolving such definitional issues is to turn to the study of human origins (for a superb introduction, see Christopher Boehm's 1999 book, *Hierarchy in the Forest*). People evolved as group-living animals. The groups were in competition with other groups, and other groups sought constantly to appropriate the resources of any particular group. If a particular group was taken over, the males were killed, eaten, or otherwise dispersed, and they usually disappeared from the gene pool. Individual fitness depended on the survival of the group, leadership was a key to group survival, and this holds a key to how we should define leadership. *Leadership concerns the capacity to build and maintain a high-performing team, and leadership should be evaluated in terms of the performance of the team.*

So what do we know, in a reliable way, about leadership, defined in terms of the ability to build and maintain a team? I believe we know three things. First, as outlined in Jim Kouzes and Barry Posner's *Leadership Challenge* (2002), competent leaders are perceived as having four characteristics in common:



- They have integrity—they keep their word, they don't play favorites, they tell the truth.
- They are decisive—they make sound, defensible decisions in a timely fashion.
- They are competent—they are obviously good at some aspects of the business.
- They are visionary—they can explain why the team's activity is important and how that activity contributes to the future well-being of the team.

The second thing we know is that leaders of great companies not only project integrity, decisiveness, competence, and vision, they are also quite humble and phenomenally persistent: see Jim Collins's *Good to Great* (2002).

The third thing that we know for a fact about leaders is that perhaps two-thirds of the people currently in leadership positions in the Western world will fail; they will then be fired, demoted, or kicked upstairs. The most common reason for their failure will be their inability to build or maintain a team. Their inability to build a team will be a function of certain dysfunctional dispositions, interpersonal tendencies that are usually invisible during job interviews or assessment center exercises. These tendencies usually become apparent when people are under pressure or when they let down their guard. Moreover, there is considerable consensus regarding the nature of these dysfunctional dispositions. They reliably fall into eleven categories, and they can be assessed with considerable fidelity.

The present book is an important, even fundamental, contribution to the leadership literature because it says some things that

are empirically true, and it says some things that are pragmatically important. The book concerns common tendencies of leaders that will derail their careers and in so doing will cause considerable damage to the organizations where they work. Anyone who is concerned with organizational effectiveness in general and leadership in particular will find this book invaluable.

*Amelia Island, Florida*  
*February 2003*

Robert Hogan

## INTRODUCTION

Which of the following answers is the best explanation for why CEOs fail:

- a. Not responding effectively to a competitor's successful new technology, product, or service.
- b. Being unable to define a clear vision or direction for the business.
- c. Failing to execute a brilliant strategy.
- d. Communicating poorly with the Board of Directors.
- e. Losing talented people and being unable to replace them.

If you answered yes to any of these choices, you are partially correct. Chief executive officers, as well as other leaders, fail because they do things—or don't do things—that cost their organizations a lot of money, create negative publicity, undermine their competitive edge, or drive away good people. But on another level, these answers only explain the explicit reason for failure and not the underlying causes that may have prompted leaders to do the wrong things.

CEOs and other top executives are almost always bright, savvy, highly experienced business leaders with terrific track records. But the average tenure of CEOs in major companies today is growing increasingly shorter. Magazine covers flaunt stories of fallen idols. In a very short period, CEOs have gone from “most admired” status to “least trusted.” Why do such obviously talented leaders also

make poor decisions, alienate key people, miss opportunities, and overlook obvious trends and developments?

As coaches of many CEOs and faculty for senior executive leadership programs around the world, we found this question troubling, especially in light of the many CEO failures in recent years. Our backgrounds (Dotlich is a former executive at Honeywell International and Cairo a former professor at Columbia University) have made us well aware of leadership theory, and we have witnessed how flawed strategies and other cognitive missteps had hurt CEOs and their companies. We have also seen that many failures had to do with obvious mistakes in executing reasonable strategies. Historically, many CEOs who made suddenly irreversible mistakes were considered strong leaders before their blunders. Had they experienced a sudden, momentary loss of judgment that caused them to err? Or was it something else?

*Something else* seemed likely. After all, most CEO failures aren't the result of insufficient intelligence. Generally, they happen when smart and well-intentioned leaders act in illogical, idiosyncratic, or irrational ways. Reading over case histories of company failures, you ask yourself, "How could the CEO not see that he needed to act immediately?" or "Why in the world didn't she grasp that the company couldn't survive pursuing that strategy?" or even, "Why didn't he know what was going on?" These failed leaders might have been able to save their careers if they had applied simple logic and common sense to the situations they faced.

Many of these leaders sabotaged themselves, albeit unconsciously. They had the intellect, skills, and experience to lead their companies through whatever challenges they encountered, yet for some reason they didn't do so. Something derailed their careers.

Something that was integral to who they were, both as people and as leaders, and that operated beneath their awareness.

We've found that CEOs, as well as all leaders, are vulnerable to eleven *derailers*—deeply ingrained personality traits that affect their leadership style and actions. The odds are that you possess at least one of these traits. For instance, you may be brilliant at analysis, and this analytical reflex has helped your company avoid the mistakes that competing companies have made. At the same time, your penchant for analysis may become warped when you're under stress. You become so analytical that you freeze when you should be taking action. When you should be deciding, you're still analyzing.

This drive to analyze overrides common sense. From your perspective, though, more analysis makes perfect sense. This trait is hardwired into you, and it's difficult to take a step back and realize that what is at times a strength has become a leadership derail. You honestly don't see what you're doing wrong—after all, it's the same thing you have done successfully for years—and failure blindsides you.

The good news is that this failure can be prevented. When you learn to identify and manage these derailers, you can spot failure coming a long way off and take the steps necessary to keep it from hurting your career or your company. We're going to introduce you to these eleven derailers, but first we'd like to share how the breakthrough efforts of a few individuals inspired the ideas and tools you'll find in the following pages.

## **Learning About Failure**

Robert Hogan, an industrial psychologist and professor, has done groundbreaking research on how leaders' "dark sides" can derail