Why CEOs Fail
The 11 Behaviors That Can Derail Your Climb to the Top – and How to Manage Them
by David L. Dotlich and Peter C. Cairo

Stories of CEOs like Jeff Skilling of Enron and Dennis Kozlowski of Tyco spiraling from the pinnacle of success to overwhelming failure are splashed across the headlines of magazines and newspapers again and again.

No longer characterized as "most admired," CEOs are now perceived as "least trusted." Why have so many of these talented people left their careers and often their companies in ruin? Why CEOs Fail authors David Dotlich and Peter Cairo addressed this question and found that CEOs, as well as all leaders, are vulnerable to eleven "derailers" — deeply ingrained behavioral patterns that can cause them to fail.

Why CEOs Fail offers insightful explanations and concrete examples of these derailers so you can identify and address the ones that may jeopardize your success. Learning to identify and manage derailers allows you to spot failure at a distance and to take the necessary steps to prevent the derailment of your career and your company.

Both authors are experts in the field of leadership theory and practice. David L. Dotlich, a former executive vice president of Honeywell International and Groupe Bulle, is a business advisor and coach to senior executives of companies such as Johnson & Johnson, Bank of America, and Intel. Peter C. Cairo, Ph.D., is a member of Columbia University Business School Executive Education and a consultant specializing in leadership development, executive coaching, and organizational effectiveness.

Together Dotlich and Cairo founded CDR International, a consulting firm that has taught and coached thousands of senior executives in many functions, industries, countries, and cultures. Their belief is that most leaders succeed or fail based on how well they work with others and how well they understand themselves.

The eleven derailers featured in Why CEOs Fail include: volatility, excessive caution, aloofness, mischievousness, eccentricity, and perfectionism.

1. Volatility – being subject to moodswings. If this sounds like you, people will try to avoid being in your presence. Try to take a step back, reflection can cool you down before you go into a rage.

2. Excessive Caution – being afraid to make decisions. Overly cautious leaders subconsciously deny their imagined worst-case scenarios. When you make this fear conscious, you lessen its power.
3. Aloofness – being disengaged and disconnected. Aloof leaders must pay more attention to their impact. To do this, you may have to have longer conversations and be more emphatic when making your point. Try to read your direct reports and colleagues to see if your message is really connecting.

4. Mischievousness – a belief that rules are made to be broken. While the authors believe that coaching can help all derailers, they believe it is particularly effective with this one. Mischievous leaders are often oblivious to the impact they have on people, and a coach can help raise their consciousness.

5. Eccentricity – trying to be different just for the sake of it. Re-evaluate your leadership style. You may view yourself as a highly creative leader who inspires through intellectual discourse, but your people may view you as a scattered and unfocused leader whose best ideas are wasted.

6. Perfectionism – getting the little things right and the big things wrong. Seriously examine the costs of perfectionism: being stressed out, missing opportunities by double-checking work and diminished productivity from direct reports because you refuse to delegate.

Now we will take a detailed look at the five most pervasive derailers; arrogance, melodrama, habitual distrust, passive resistance and eagerness to please.

**Arrogance – You're Right and Everyone Else Is Wrong**

The best and the brightest leaders are very self-confident and are frequently derailed by arrogance because it is so easy to cross the line from self-confidence to arrogance.

Al Dunlap, former CEO of Sunbeam and Scott Paper, provides a classic example of arrogance. Under the auspices of "increasing shareholder value," Dunlap terminated large numbers of people with a callous disregard for the impact of this move on employees. During the same time, Dunlap himself enjoyed large pay increases, and kept his company perks including luxury cars and first-class travel. Ultimately Dunlap was besieged with shareholder lawsuits. This fallen leader possessed an arrogant belief in his infallibility as well as a remarkable sense of entitlement.

The authors offer statements to help determine whether or not arrogance is an issue for you. For example, "You're willing to fight for what you believe in," versus "You're unwilling to give up a fight no matter what."

Arrogance can be truly debilitating and can lead to:

- Diminished capacity to learn – Rather than absorbing new information and adjusting to it, an arrogant leader reconfigures the data to suit himself.
- Refusal to be accountable – These leaders lay responsibility elsewhere,
i.e., "The team didn't execute," or "The economy didn't behave," demoralizing employees as well as compounding mistakes.

- Resistance to change – Certain they possess the singular formula for success, arrogant leaders resist anything that deviates from their plan.
- Inability to recognize one's limitations – Believing they are able to do everything well, these leaders are blind to their own deficiencies.

Can leaders prevent themselves from crossing the line between self-confidence and arrogance? According to Dotlich and Cairo, a number of actions can be taken to monitor and modify this behavior:

- Determine if you fit the arrogance profile – Evaluate your path to success, reflect whether your self-confidence has escalated to arrogance.
- Find the truth-tellers in your organization and ask them to level with you – Seek direct, honest feedback on how others perceive you.
- Use setbacks as an opportunity to cross back over the line before a big failure hits – Was excessive pride the culprit in the setback? Seize the opportunity to assess your behavior and take proactive steps, such as talking to your truth-tellers, to prevent further failure.

**Melodrama – You Always Grab the Center of Attention**

Many successful CEOs are charismatic showmen who portray a dynamic, persuasive image. However, just as there is a line separating pride and arrogance, there is a similar line between impressive impact and melodrama.

Many CEO’s live "larger than life" with waiting limousines, private jets, and several homes. This lifestyle demands attention and signals importance, but at the same time creates a dangerous downside for a leader: It causes separation from others and makes open, honest dialogue and problem solving extremely difficult.

One example of a melodramatic leader is Vivendi Universal's Jean-Marie Messier. He had a dramatic, attention-getting style; he relentlessly acquired company after company, turning a French waste management company into the world’s second largest media conglomerate. Messier embraced his role as the globetrotting CEO, quickly acquiring companies to display his brilliance to the world. However, the more he bought, the more intense the financial pressure was as debt mounted. Ultimately Messier resigned, and Vivendi was broken up and sold off.

Questions posed by the authors to check yourself against melodrama include: "Do you use charisma to involve and motivate people?" or "Do you use an attention-getting style to create unquestioning compliance?" Behaviors indicative of melodramatic derailment are:

- Lack of focus – Melodramatic leaders lose sight of priorities.
- Failure to develop people – Others are stifled by an attention-seeking leader, and are afraid to express their opinions and ideas.
- Showboating teams – The executive suite is filled with people who have
similar dramatic styles, leading to everyone talking and no one listening.

- Elevated expectations – Melodramatic leaders talk a good game, but fail to keep their promises, which results in their people losing faith in them.

Dotlich and Cairo offer the following suggestions to reshape a melodramatic style:

- Get someone to videotape you in action – View your style from another perspective.
- Identify circumstances when you cross the line into melodrama – Being aware of triggers such as stress, can help improve behavior.
- Reflect and listen – A conscious effort to do this will naturally tone down the melodrama.

**Habitual Distrust – You Focus on the Negatives**

Given the seemingly endless accounting and financial scandals, the litigious workplace, regulatory requirements, potential product safety challenges, and complex licensing issues, it's not surprising CEOs and other leaders fall victim to this derailer.

The authors cite two famous leaders whose distrust led to derailment. CIA Director James Angleton, convinced the CIA had a mole, subjected everyone to intense scrutiny, cast a wide net of suspicion that disrupted work and lowered morale. He was eventually fired. Interestingly, Angleton's suspicions about a mole were correct, however, the way he dealt with the problem led to his downfall. Similarly, former U.S. President Richard Nixon, well known as a distrustful leader, taped his conversations, created a "hit-list" of political enemies, and unlawfully sought information on the activities of his adversaries. While Nixon's derailment as a leader was more than simply distrust, it certainly was a contributing factor.

It would be unusual if people weren't wary, but there is a distinction between healthy skepticism and virulent mistrust: the former involves being realistic, reacting appropriately to circumstance and environment, while the latter involves being inappropriately and egregiously suspicious. How can you determine the difference? The authors provide a list of statements for self-evaluation. For example: "You're alert for people whose actions are motivated by politics or self-interest," or "You're constantly looking for confirmation that people are acting out of self-interest or for political reasons."

Signs and symptoms of habitual distrust include:

- Relentless skepticism about other people's motives – Leads to alienation and a lack of confidence for direct reports.
- Direct reports are highly defensive – With a distrustful boss, people are more concerned with covering themselves than focusing on the business.
- Difficulty forging alliances with outside groups or companies – All outsiders are automatically perceived as untrustworthy.
According to Dotlich and Cairo, the following steps can help curb distrustful behavior:

- Analyze the "why" behind the distrust – Reflect on the underlying reason for distrust, often it is illogical and relatively easy to overcome.
- Reconfigure a key relationship – Examine your distrust of a close associate, then actively alter your interactions with them.
- Practice giving positive feedback – Force yourself to consider the best case rather than the worst-case scenarios.
- Recognize how distrust is hurting your career – An inability to forge alliances will work against your professional aspirations.

**Passive Resistance – Your Silence Is Misinterpreted as Agreement**

Subtler than other derailers, passive-resistant CEOs appear to the world as savvy leaders, people who are pragmatic and political. However, beneath the surface is an unconscious duplicity. During meetings, for example, passive-resistant CEOs may nod in agreement and support a project, but privately they disrespect the project and withhold real support.

General Electric has found a successful strategy to overcome passive-resistance. Leaders are both peer and self-evaluated on their consistency of messaging across groups (analysts, employees, customers, and so on.) Leaders who are found to be inconsistent, reserving one message for one group and a different message for another, are given poorer evaluations and encouraged to correct this behavior.

Dotlich and Cairo believe this is one of the most difficult derailers to decipher. Adept at justifying the discrepancy between word and deed, passive-resistant leaders will often insist that it was the wrong time and place to discuss their real position. One method of discovering if this derailer is affecting you is to respond to these statements: "You say one thing and do another only when there's no other option," or "Saying one thing and doing another is your standard operating procedure."

The following are some symptoms and signs of passive-resistance:

- Giving lip service – Saying you believe in certain things, but knowing it's not the truth.
- Confused and angry direct reports – In continually thwarting plans, direct reports become wary, indirect, and unwilling to believe in you.
- Rampant cynicism – One step beyond confusion and anger, direct reports lack faith in your leadership.
- Alliances, teams, and partnerships fall apart – Raising expectations publicly, then undermining them privately leads people to terminate relationships.

To prevent passive-resistant tendencies from derailing your career, Dotlich and
Cairo suggest the following:

- Understand the gap between how you're feeling and what you're saying or doing – Force yourself to pay attention to what you are communicating versus what you are thinking.
- Put yourself in the place of the people you work with – Consider how you would react to people saying one thing and then doing another.
- Work on potential areas of conflict – Identify situations where you withdraw from debate and practice articulating your opinions rather than masking them.
- Model successful leaders – Evaluate other leadership styles for viable alternatives.

**Eagerness to Please – You Want to Win Any Popularity Contest**

A common conception is that people pleasing is aimed at CEOs rather than the other way around. In the authors’ experience, many CEOs are actually pleasers themselves, reaching their positions precisely because of their skills at making people feel good. Unfortunately, when CEOs are pleasers, they fail in part because their companies have access only to their conventional wisdom. Pleasers smooth over contrary opinion and conflict, where unconventional wisdom originates, hence innovation and bold moves are largely absent.

The potential derailment of both career and company is illustrated with the example of CEO Aaron Feuerstein of Malden Mills, manufacturer of Polarity and employer of three thousand people. When a fire destroyed the factory, Feuerstein decided to rebuild a state-of-the-art facility that far exceeded what his insurance covered. Furthermore, he paid his employees’ salaries and benefits while they were off work. Initially hailed as a hero, Feuerstein went far beyond what most CEOs would have done, to the ultimate detriment of the company: Feuerstein was forced to file for Chapter 11 protection because the company couldn't afford his generous measures, and many workers lost their jobs.

Again, a fine line exists between possessing people skills and being a people pleaser. Responding to statements such as "You confront with compassion," or "You confront without backbone" can help determine which you are.

Other signs and symptoms can be:

- Losing people's support and loyalty – In attempting to avoid unpleasantness, you make promises you can't keep.
- Unwillingness to stand up for your people – A team will fall apart when the leader refuses to support them, both publicly and privately.
- Lack of "fire" in the environment – In seeking peace and harmony, pleasers inadvertently rob their companies of creative tension.
- Refusal to face the tough people decisions – Unwilling to make difficult decisions, pleasers end up with underperforming people as well as alienating those who deserve promotions or important projects.
To avoid being derailed by an eagerness to please, Dotlich and Cairo offer these strategies:

- **Identify what you believe** – Create a belief statement and refer to it when making tough decisions.
- **Pick a fight** – Force yourself to engage in conflict with the best interests of your company in mind.
- **Defend someone worth defending** – Stand your ground when you feel an individual or team is being unjustly treated.

**Why CEOs Succeed**

In addition to the information offered above on how to overcome specific derailleurs, Dotlich and Cairo offer suggestions on how best to overcome any derailer that may be harming your career. One of the most important points is to assess the stressors triggering your derailleurs, i.e., environments, events, problems, and decisions that kick your stress levels up a notch. Being aware of when, where, and how you feel stress won't eliminate the cause, but will make you aware of when you put your derailleurs in action.

Also, try these strategies to fight failure:

- **Perform adversity analysis** – An examination of failures in your career enables you to perceive patterns and to understand your derailleurs. Reflect on disappointments and defeats by asking questions of yourself like: What behaviors in these circumstances didn't serve me well? Are there behavioral themes or patterns? Do any of the derailleurs fit this pattern?

- **Direct report evaluation** – Ask your direct reports to answer the question: "How can I be a better leader?" Direct reports live with your derailleurs every day and are forced to work around them; they can provide the best insights into your vulnerabilities and may be able to make meaningful suggestions on how to address them.

- **Find a confidant** – Talk to someone you trust, who understands your business context, and can provide you with objective advice and feedback.

Such strategies proved successful for leaders at the Bank of America. Over a two-year period, the authors coached more than fifteen hundred of the most senior executives on their derailment factors in a series of workshops. The executives became very public about their derailleurs with each other and their teams, routinely talking about how their derailleurs have a negative impact on others and on their own ability to succeed. "When CEOs, senior executives, and especially boards of directors become familiar with derailleurs — and hold each other accountable for managing them — there is less likelihood that unfortunate events will occur."

**Conclusion**

Approximately two-thirds of the people currently in leadership positions in the
Western world will fail — they will be fired or demoted. The most common reason for their failure? Their inability to build or maintain a team.

Why CEOs Fail offers insights into numerous derailers and offers solutions that can enhance a leader’s ability to build and maintain a team. Neglecting these negative traits can do real damage to your career and perhaps even ruin it. By thoughtfully examining your actions in the context of the derailers you can spot trouble areas well ahead of time and take the necessary steps to not only prevent the derailment of your career, but to also become a better leader and enjoy a more enduring success.