Executive Derailment: Three Cases in Point and How to Prevent It

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The high rate of executive derailment is cause for concern, especially as large numbers of less experienced individuals begin to move into executive roles vacated by retiring Baby Boomers. Research has identified the most prevalent causes of derailment, and company intervention—along with the individual's resolve to improve—can successfully put an otherwise talented executive or high potential back on track. The authors discuss the most common factors in the failure of CEOs, executives, and high potentials; examine three cases where companies implemented well-designed plans to save a career in trouble; and provide recommendations to individuals and organizations alike for preventing promising careers from stalling out.

When, seemingly out of the blue, a very successful executive is suddenly fired or re-assigned to corporate Siberia, that person has become the latest example of derailment. Derailment is a special case of organizational failure. It happens when people who are highly skilled, knowledgeable in their field, fail. They are people who, prior to failing, were very successful. As Lombardo and McCauley put it, "Derailment occurs when a manager who was expected to go higher in the organization and who was judged to have the ability to do so is fired, demoted, or plateaued below expected levels of achievement."[1]

Common Denominators

In the 1980s, the Center for Creative Leadership (CCL) discovered that executives who derailed shared one or more of the following causes:[2]

- Had problems with interpersonal relationships
- Failed to hire, build, and lead a team
- Failed to meet business objectives
- Were unable or unwilling to change or adapt
- Lacked a broad functional orientation

In 1996, CCL followed up with a second study on derailment and found no significant differences between European and U.S. executives as to why they derailed.[3] Both groups shared the same top two derailment factors:

- Having problems with interpersonal relationships
- Being unable or unwilling to change or adapt

While the primary focus of derailment studies has been executives and general managers who derail and fail after an otherwise long and successful career, an emerging group of derailment cases is attracting attention: young high-potential executives and managers. Due to the changing demographics in organizations as more and more Baby Boomers retire, younger high-potential managers are being promoted sooner than usual, assuming roles of greater responsibility years earlier than was the case with their predecessors. They are then failing in these bigger jobs as a result of lack of experience and maturity, coupled with the generally more complex and global business and people issues today's leaders must address.[4]

Mel Sorcher's research indicates that between 30 and 50 percent of managers and executives fail.[5] Up to half of the leaders in any organization are not going to build cohesive teams or achieve desired business results.[6] Why?

Determinants of Success or Failure

The CCL studies suggest several areas that hold the key to success or failure in these roles:

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- **Diversity of experience.** Derailed leaders generally had a series of prior successes, but typically in very similar organizational situations. In contrast, successful leaders usually had more diverse experiences in a variety of settings.
- **Emotional stability and composure.** Leaders who eventually derailed tended to be volatile under pressure, being more prone to moodiness, angry outbursts, and erratic behavior that undermined their relationships with others. On the other hand successful leaders tended to be calm, confident, and predictable.

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- **Handling mistakes.** Leaders who derailed were more likely to be defensive about failure, attempting to keep it under cover while they fixed it, or blaming others for it. Successful leaders, in contrast, overwhelmingly handled failure with poise and grace. They admitted mistakes, accepted responsibility, and then acted to correct the problem.
- **Interpersonal skills.** The most frequent cause for derailment was insensitivity to others. When faced with stress, some leaders became abrasive and intimidating. In contrast, other leaders were able to understand and get along with all types of people. Successful leaders developed a larger network of cooperative relationships.
- **Integrity.** Many of the derailed leaders were ambitious about advancing their career at the expense of others. They were less dependable because they were more likely to betray a trust or break a promise. To the contrary, successful leaders had strong integrity. They were more focused on the immediate task and the needs of subordinates than on competing with rivals or impressing superiors.
- **Technical and cognitive skills.** For most of the leaders who derailed, their comparative technical superiority was a source of success at lower levels of leadership. However, at higher levels this strength became a weakness and led to overconfidence and arrogance. It caused the person to reject sound advice, to offend people by acting superior, and to overmanage direct reports who had equal or greater expertise.

Failure at the Top

In his book, *Why Smart Executives Fail* (Portfolio, 2003), Sydney Finkelstein focused on a specialized subset of derailed executives, CEOs, and identified the following seven habits of failed CEOs:[7]

- **See themselves and their companies as dominating their environments.** In contrast, successful leaders are proactive because they know that they don't dominate their environment. They know that no matter how successful they have been in the past, they are always at the mercy of changing circumstances. They need to generate a constant stream of new initiatives because they can't make things happen at will. No matter how successful the company, its overall business plan will need to be continually readjusted and renegotiated.
- **Identify too much with the company.** This habit encourages CEOs to make unwise decisions. Instead of treating the company as something they need to care for, nurture, and protect, these CEOs treat the company as an extension of themselves. They cause the company to do things that would make sense for a person but do not make sense for a company.
- **Have all the answers.** In a world where business conditions are constantly changing and innovations often seem to be the only constant, no one can "have all the answers" for long. Leaders who are unvaryingly crisp and decisive tend to settle issues so quickly that they have no opportunity to grasp the ramifications.

- **Ruthlessly eliminate others.** In believing that everyone in the company must unreservedly endorse their vision to have the company carry it out successfully, these CEOs eliminate all dissenting and contrasting viewpoints. In doing so, they cut themselves off from their best chance of correcting problems as they arise.
- **Obsessed with company image.** CEOs who fail spend a lot of time giving public speeches, appearing on television, and being interviewed by journalists—they brilliantly inspire confidence among the public, employees, potential new recruits, and investors. The problem is that amidst all the media frenzy and accolades, these leaders risk allowing their management efforts to become shallow and ineffective. Instead of actually accomplishing things, they often settle for the appearance of accomplishing things.
- **Underestimate major obstacles.** CEOs who succumb to this habit tend to wave aside obstacles as though they are minor difficulties, when many of them are, in fact, major hurdles.
- **Rely on what worked for them in the past.** Many CEOs on their way to becoming spectacularly unsuccessful accelerate their company's decline simply by reverting to what they regard as the tried and tested. In their quest for certainty in a world grown unpredictable, they persist in using the wrong scoreboard. In their effort to achieve stability in the midst of change, they seize on yesterday's answer.

Self-Perceptions of Derailing

Through a meta analysis of the studies mentioned above and others, Lominger International created a negative competency library, called the "Stallers and Stoppers," comprising the 19 characteristics shown in **Exhibit 1** that contribute to the derailment of executives.[8] Through the firm's web-enabled VOICES® Multi-rater 360° Feedback survey, thousands of managers have rated themselves and were rated by others on the degree to which the managers exhibited the 19 stallers and stoppers. Typically, managers rate themselves lower on the staller and stoppers than their supervisors, direct reports, and/or peers rate them. In other words, managers perceive themselves as *less likely* to derail than others see them. Furthermore, the higher the managerial level, the larger the rating difference between self and others—evidently higher level managers are more confident or more arrogant than lower level managers. In summary, everyone seems to know who will derail except the managers themselves. We call these gaps "blind spots," and they can be fatal to a career.

Exhibit 1. Lominger's Stallers and Stoppers: Negative Competencies That Derail Executives

• Unable to adapt to differences	• Failure to staff effectively
• Poor administrator	• Insensitive to others
• Overly ambitious	• Key skill deficiencies
• Arrogant	• Nonstrategic
• Betrayal of trust	• Overdependence on an advocate
• Blocked personal learner	• Overdependence on a single skill
• Lack of composure	• Overmanaging
• Defensiveness	• Performance problems
• Lack of ethics and values	• Political missteps
• Failure to build a team	

Avoiding Derailment: Three Cases

Since derailment happens so frequently, what can be done for imperiled executives and managers whom the organization wants to keep? How can these individuals eliminate, or at the least mitigate, their self-destructive behaviors to get their careers back on track? The following examples (based on actual cases) provide some clues as to what works—and what doesn't.

Case Study #1

Angela is an executive who had several notable strengths. In addition to being highly educated, she was intellectually sharp. She had held various staff and operations roles in her business unit, giving her

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a breadth of functional experience. In these roles she had demonstrated herself to be results oriented and an agile learner. She was a strong developer of people, and had a loyal core team of direct reports.

On the downside, Angela had not worked at developing good relationships with her peers. At times she exhibited a short fuse, and could be impatient, especially with those not as bright or as mentally quick as she was. Relying on her position of authority and quick intellect, she would press ahead, "leaving people in the dust." She was gaining a reputation as being arrogant, one of the 19 stallers and stoppers.

Angela's strengths had flagged her as someone with lots of long-term potential, but she wasn't as well known beyond her business unit as other high potentials in the company, and her reputation for arrogance was spreading beyond her core circle. The corporate Talent Management group decided to intervene sooner rather than later.

The executive for corporate Talent Management took an active role in guiding Angela's career. Using suggestions from books such as Lominger's *The Career Architect® Development Planner* and others,[9] the executive crafted a development plan with a number of important features that ultimately enabled Angela to get back on the track to success:

- Various challenging assignments—including a key assignment in the Office of the CEO—further broadened her perspective, strategic outlook, and executive business experience.
- She was given opportunities for high-stakes exposure to more senior executives and the board of directors.
- A special project assignment required her to influence people without authority, thus forcing her to develop missing critical competencies around getting things done with other people.
- Repeated VOICES® 360° feedback, which included negative competencies or derailers, drove home the message about her need to change; focused her attention on specific characteristics and behaviors to improve; and tracked her progress.

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- She worked with a professional external development coach who was tough, credible, and specialized in derailment. The coach was able to help Angela identify her "triggers" to negative behavior—which is especially important with emotionally based development needs.

To assure maximum support for Angela, the talent management executive made sure Angela's mentors and bosses were aware of and in sync with her development plan.

In truth, Angela was set up for a hardship experience in the assignment where she needed to influence without authority. She failed in that particular job, but the Talent Management team was ready with safety nets: By continuing to embrace Angela, give her ongoing feedback, and foster her development as a result of this negative experience, Angela was able to learn from it and grow as a professional. It taught her some humility (a powerful antidote for the staller/stopper Arrogance), and showed her very clearly just how important winning over her peers and gaining their trust and respect was if she hoped to move forward in her career. Had she not felt supported by the organization through this, she might have responded defensively to the experience, which would have blocked any learning. Rather, she embraced her development needs and talked openly about them with her peers and constituencies, which ultimately demonstrated her personal disclosure and enhanced self-knowledge. This went a long way in developing peer relationships and knocking down any preconceived notions about her reputation for arrogance.

After this "hardship" assignment, Angela bounced back in her next assignment and once again became a top performer in the bonus pool. She has since managed integrations, run a subsidiary, and led major corporate change efforts, and is discussed in succession planning meetings as a potential successor for a number of key jobs.

A corporate view of the potential value of Angela's strengths for the company made it possible to marshal the necessary resources to help her avoid derailing.

Angela's case demonstrates the value of having the highest potential people corporately "owned" or managed. The Talent Management team could look to other parts of the organization for the right developmental opportunities for Angela. A corporate view of the potential value of Angela's strengths for the company made it possible to marshal the necessary resources to help her avoid derailing. This was done with the right assignment at the right time to develop missing competencies and to temper overdone strengths. Without intervention, her business unit might have found itself unable to address the problem, leaving Angela to flounder. Additionally, Angela has not returned to her original business unit. Without corporate ownership of talent, high potentials can be held hostage in their business unit, which can sometimes impede their ability to get a broad mix of developmental assignments.

Case Study #2

Jeremy was yet another executive with stellar achievements and talent, and had been considered one of the company's best-performing, high-potential general managers. He ran a cross-functional, high-performing region, and prior to that had successfully headed up a function when brought into the home office for staff assignment. He was a strong leader and an early adopter of change initiatives, and people wanted to work for him. But Jeremy's response to a change in top leadership undermined his favored status.

The company president/COO and several senior executives—all long-time supporters of Jeremy's—retired in unison. The board named an unlikely successor as COO—unfortunately for Jeremy, someone who saw him as the "golden boy" of the old regime and too strongly aligned with that group. In short, the COO didn't trust him. Practically overnight Jeremy lost his influence and leverage and, despite his strengths, couldn't function without his sponsors. Jeremy's main "staller and stopper" was overdependence on an advocate.

The strife after the appointment of the new senior team was evident and noisy. The Talent Management group understood Jeremy's present and potential value to the company and pulled him aside multiple times, counseling him to align himself with the new bosses and drop his attachment to the "old way." He became defensive and wouldn't accept the coaching that was offered. His resistance to the new executive team was so pronounced and persistent that the executives moved him into an undesirable job to get him out of the way, viewing him as just too married to the old team. In the end, he disappeared quickly from the corporate radar screen and left the organization.

Overdependence on an advocate can result when executives take along the same people with them as they move up the organizational ladder. Since this is often difficult to remedy after the fact, Talent Management groups should intervene when a manager/executive and direct reports have been together too long, in order to proactively prevent the development or even the appearance of overdependence.

In what might be an emerging best practice, some organizations with very strong succession planning systems report coding the length/tenure of boss reporting relationships on high potentials' profiles to monitor any risk for overdependence and prevent it from happening.

Case Study #3

Tom was a Jekyll and Hyde. His abilities, among the strongest in the company, made him a corporate star, but he suffered from several stallers and stoppers that threatened to halt his rise in the organization.

Tom's business acumen led to his being considered the finest business mind in the company.

He was adept at dealing with ambiguity—his peers claimed he could see around corners in the marketplace—and he had formulated the new company strategy—evidence of his strategic agility. He also had a strong track record for timely, high-quality decision making.

But there were too many times when Tom was arrogant and insensitive in his behavior towards others. And in certain situations he would become very defensive, or lose his composure. The effect of these behaviors on others was so counter-productive that Tom's long-term effectiveness as a leader was called into question.

The company embarked on a multipronged approach for helping Tom overcome the behaviors that stood in the way of his becoming a successful leader of the organization.

The CEO saw such significant potential in Tom that he was determined to keep Tom from derailing. The company embarked on a multipronged approach for helping Tom overcome the behaviors that stood in the way of his becoming a successful leader of the organization:

- The CEO met with Tom on a regular basis to review business issues and provide guidance and mentoring. The CEO also made it very clear that future promotions required a change in his behavior.
- An outside executive coach was brought in to work with Tom on a regular basis. Initially they met once a week, and then later at regular but less frequent intervals.
- Initially, the outside coach conducted a set of 360° interviews with Tom's boss, direct reports, peers, and customers. The coach shared a summary of the findings with Tom first, and then with his team.
- Six months later, a 360° feedback survey that included 67 competencies and 19 stallers and stoppers was conducted, and the coach discussed the results with Tom.
- Although the specifics of the discussions between Tom and the coach were kept confidential, the coach met regularly with the CEO during this time to keep him apprised of Tom's progress.

The intervention had mixed outcomes. Tom showed a sufficient degree of improvement that he was promoted to a larger and more responsible position, in which he created real financial value for the company. However, the improvement was not stable. In the new job, Tom would exhibit a period of marked improvement soon followed by a period of severe regression. The outside coach continued to work with him for several years, and while in general there was improvement, Tom's rate of improvement was disappointing.

Some derailment factors can be deep rooted and linked to personal values—a gender or class bias, for example, can feed arrogance. Some are more emotionally rooted, such as lack of composure, and may have multiple triggers, making them even more difficult for the individual to control and correct.

Executives with several stallers and stoppers are the very hardest cases to tackle: Just as progress occurs on one front, another will flare up. It may be unrealistic to expect someone like Tom to make significant change in all his problem areas. Perhaps the best that can be hoped for is regular incremental change over time, or to reduce the "noise" or disruption associated with the one or two stallers most detrimental to that particular organization or culture. It might also be beneficial to help members of the executive's team understand the key triggering events that cause the adverse behavior and what they can do to minimize the occurrences.

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Sharing Responsibility for Preventing Executive Derailment

How can organizations—or individuals, for that matter—minimize the possibility of an otherwise promising career taking a downward spiral because of one or more unacceptable behaviors? Both the individual executive and the organization share responsibility for avoiding a derailment by putting in place specific practices that will surface a problem early and quickly focus the appropriate resources on "nipping it in the bud."[10]

The Individual's' Responsibilities

Becoming aware. Seek feedback throughout your career, whether formally through 360° feedback, for example, or informally by asking for behavioral feedback from trusted coworkers. Self-awareness is fundamental to developing leadership competency and preventing derailment. As research indicates, self-assessment is not accurate. Feedback from others enhances leaders' self-awareness.

Be an acute and agile learner. Very often, attitude is the reason for blocked personal learning. Someone thinks he knows all the answers, or believes she is better than others. Ask what assumptions you hold about yourself. Are these assumptions reasonable? Seek developmental opportunities that will help you overcome flaws, test weaknesses, and add new skills to your repertoire. These challenges should be enough of a stretch to require change, but not so much as to court failure. A developmental strategy focused exclusively on strengths *will not* stave off derailment—strengths will only take a person so far before developmental needs become the limiting factor in a career.

Observe others' reactions. As a leader, you need to observe the reactions of others to what you say and do in order to gauge their response. Listen to others, and accurately perceive others' emotions. Emotions communicate information about an individual's appraisal and motivated reaction to relationships and others' behaviors. Watch if others are bored, confused, too quiet, angry, or irritated—which may be signals that you are appearing as arrogant, defensive, controlling, blaming, or not giving others opportunities. The ability to read others' behaviors and adjust in real time is an invaluable skill.

Seek coaching and mentoring. Coaching and mentoring can be helpful throughout your career, but especially during times of transition, when growth and adaptability are most needed. Many people are skeptical about coaching, believing that successful people don't need coaches and that executive coaching is a last-ditch effort to fix problems. Developmental coaches can help before a behavioral problem or need reaches a crisis point, when it may be too late to fix the problem. Other people have been there before, and can share valuable insights and lessons.

In general, you need to take responsibility for your own development, continually finding sources of assessment, challenge, and support.

The Organization's Responsibilities

Create a system in the organization that integrates development into managers' work. Plan and strategically map out developmental assignments and challenges for leaders and high potentials. Leverage research pointing to the types of jobs that are most developmental for executives. Help high potentials to gain a variety of types of jobs and assignments. Identify exactly what the person will learn from each assignment.

Make leadership development a career-long journey. Leadership development should not be seen as a training program or one-time event. Organizations should identify critical competencies for each key organizational level (individual contributor, supervisor, middle manager, executive, etc.) and give people the right experiences at the right time to develop the required skills.

Support calculated developmental risk taking. Successful leaders learn more from hardships than other experiences in their careers. In order for managers to learn from their mistakes, one failure should not be seen as taking the executive "off the track"; rather, it should be nurtured as an experience that can help a person gain insight and become more self aware—and ultimately more successful in the future.

Allow managers to complete job assignments before transferring them to new jobs. This creates more powerful developmental experiences. Real development takes time. Leaders develop most when they see the outcome (good or bad) of their job and are held accountable.

Build feedback, both formal and informal, into the organizational culture at all levels. Executives who are more successful share a common experience of getting more feedback in their careers than others did. Development begins when people get direct, timely, and actionable feedback on the things that matter. The organization is the leader's classroom, and as with any classroom, the proper learning environment should be intentionally developed.

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Rethink the role of executive coaching. Provide coaching for executives, and not just those in danger of derailing. Position it as an investment that the organization is making in its most valuable assets.

Have the Talent Management staff more proactively manage the development of key managers. To maximize individual development *and* build the appropriate bench strength to execute the business strategy, key managers should be identified by skills, potential, and incumbency in key jobs, and then be assessed, coached, and developed strategically.

Prioritize and strategize derailment factors. Take research-based derailment factors (like the ones in Exhibit 1) and rank their relative harmfulness for the organization, function, or key jobs. What would most likely get someone in trouble? What gets people fired? Is the "negative" criteria widely known? For the factors determined to be harmful, create strategies for (1) preventing each one and (2) addressing it when it occurs.

If both the individual and the organization share responsibility for taking the measures recommended above, including implementing a rigorous, research-based development plan, many careers will never reach a critical point where intervention is needed, and for those that do, derailment can be reversed and an otherwise doomed executive can resume a successful and productive career.

Notes

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