RICHARD J. CAMPBELL

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Morgan W. McCall, Jr.
Michael M. Lombardo

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Greensboro, North Carolina 27438-6300

(910) 288-7210

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Michael M. Lombardo
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Off the Track:
Why and How Successful Executives Get Derailed

Senior Executive: At one time, he was the leading, perhaps the only, candidate for CEO. And then he ran into something he'd never faced before--an unprofitable operation. He seemed to go on a downward spiral after that, becoming more remote each day, unable to work with key subordinates.

Interviewer: Why do you think he derailed?

Senior Executive: Some of it was luck because the business was going down when he inherited it. Some of it was surrounding himself with specialists who inevitably wear the blinders of their particular field. And some of it was that he never learned to delegate. He had no idea of how to lead by listening.

Few people reach the top of a major corporation without considerable talent and an impressive list of accomplishments. Still, many talented executives rise near the top yet are denied the ultimate positions. The quick answers to why this can happen include the ever-popular Peter Principle--rising past one's level of competence--or more darkly, that some managers possess a fatal flaw.

But the grain of truth in these explanations masks the true complexity of the process. As we discovered in a recent study conducted by the Center for Creative Leadership, those who were once quite successful and later derailed differed only slightly from those who reached the top. Some of those who derailed found themselves in a changed situation where strengths that had served them well earlier in their careers became liabilities that threw them off track. Others found that weaknesses they'd had all along, but which had been outweighed by certain assets, were precisely the things needed as strengths in a new situation. Yet others became captives of their own success or of events outside their control.

When we began a large-scale study of the key events in the careers of effective, mobile executives, we included a close look at executives who "derailed"--that is, people who were very successful in their careers (spanning 20-30 years and reaching very high levels) but who, in the eyes of the organization, did not live up to their full potential. What

became of these people varied: Some were demoted or transferred, some were fired or opted for early retirement, and some simply stopped advancing. One thing they had in common, however, was that their halted progression was not voluntary. What, we wondered, separated these otherwise successful people from their colleagues who arrived at the very top of the corporation?

To find out, we and our associate, Ann Morrison, worked with several Fortune 500 corporations to identify "savvy insiders"--people who had seen many top executives come and go and who were intimately familiar with the circumstances surrounding their careers. The executives agreed to participate because of a desire to understand who makes it and how, what pitfalls to avoid, and most important, what they can do to systematically develop future leaders.

In each corporation one of us interviewed several insiders, usually a few of the top ten executives and a few senior "human resources professionals," people who help make executive succession decisions. We asked them to describe, in detail, first a success story, then a derailment. In all cases, the executive describing the cases knew the people quite well and considered them fairly representative of either success or derailment in that corporation. The interviews yielded about 20 success cases and a comparable number of derailments.

Although the interviews lasted two hours and longer, covering many questions about key events in the careers of 40 executives, we have organized the results to answer four questions:

- Why were those who derailed so successful in the first place?
- What events brought their weaknesses to the surface?
- Why did they derail?
- How did they differ from those who remained successful?

Reasons for Success Before Derailing

If there is a formula for success, only an alchemist could concoct its magic properties--a great track record, lots of brains and technical acumen, and qualities such as charm, luck, loyalty, ambition, and leadership (see Figure 1).

Figure 1

Reasons for Success Before Derailment

(Based on 50 reasons for success from 20 cases:
The average executive had 2 or 3 of these characteristics)

1. Outstanding track record--identified early as having high potential and had a string of successes
2. Outgoing, well-liked, charming
3. Technically brilliant
4. Loyal and helpful to management; willing to make sacrifices
5. Ambitious; managed career well
6. Moved up during reorganization or merger
7. Excellent at motivating or directing subordinates

Almost to a man (they were all men), derailed executives were identified early as having "it" and ran up a string of successes in engineering, operations, or project management assignments. One brought in three huge successes in a row which at one time accounted for half the corporate profits.

About half of the time they were seen as technical geniuses ("This guy is without peer") or brilliant problem solvers ("He'd do anything to solve a problem--anything"). They were less often well-liked or considered charming; their manners were sometimes viewed with suspicion, as if their impeccability concealed a certain hollowness beneath.

Some executives who eventually derailed moved up during mergers or reorganizations, a time when performance is particularly hard to measure. Others were exceptionally hard-working and loyal, managed their careers well, or were excellent at motivating and supporting their subordinates.

Thus far, these men looked much like successes in any field. For one reason or another, they were much better than the competition. There seemed to be little to differentiate them, other than luck, from those who did eventually succeed.

Trail in the Forest

While conducting the interviews, we did not hear many stories about so-called water-walkers, leaders who have no faults. The one "natural leader" we encountered derailed because everyone assumed he could do absolutely anything. At higher levels of management his faults began to show. He became lost in detail, concentrated too much on his subordinates, and apparently lacked the intellectual ability to deal with complex issues. Still, no one helped him. It was assumed that he would succeed regardless. Both the eventual successes and the eventual derailments had plenty of faults to show. What, we wondered, might cause these faults to surface, especially so late in a career?

The events that reveal flaws are seldom cataclysmic. They are more like the broken twigs and crushed leaves in frontier novels that subtly indicate a direction taken, and mark that someone has passed that way. As one executive put it, "Careers last such a long time. Leave a trail of mistakes behind you, and you eventually find yourself a captive of your past."

In general, the flaws of the successful and the derailed showed when one or more of five things happened:

- They lost a boss who had covered or compensated for their weaknesses.
- They entered a job for which they were not prepared (another function or a big change in responsibility), usually coupled with having a new boss whose style was quite different.
- They left behind a trail of little problems or bruised people, either because they handled them poorly or moved through so quickly they failed to handle them at all.
- They moved up during an organizational shakeup and weren't scrutinized until during the shakedown period.

- They entered the executive suite, where getting along with others under highly stressful conditions is critically important.

These events, which happened to both types of executives, began to separate the two groups. How an executive dealt with his faults under stress went a long way toward explaining why some arrived and some jumped the track just short of town.

The Faults That Mattered

Senior Executive: Successful people don't like to admit they make big mistakes, but they make whoppers nevertheless. I've never known a CEO who didn't make at least one big one and lots of little ones, but it never hurt them.

Interviewer: Why?

Senior Executive: Because they know how to handle adversity.

Part of knowing how to handle adversity lies in knowing what not to do when faced with it. A manager does not necessarily have to know the right move, but must avoid making the wrong one. As we were to learn, many patterns of managerial behavior were acceptable to others. The key was in learning which ones were not acceptable.

Just as a successful executive doesn't have all the good qualities, executives who derailed didn't have all the bad ones. In general, ten personal and managerial flaws were cited as reasons for derailment (see Figure 2); of these, only two applied to the average derailed executive.

Personal flaws.

Senior Executive: ". . . he wouldn't negotiate, there was no room for countervailing views. He could follow a bull through a china shop and still break the china."

The most frequent cause for derailment was insensitivity to others. Under stress, some of the derailed managers became abrasive and intimidating. One walked into a subordinate's office, interrupting a meeting, and said, "I need

to see you." When the subordinate tried to explain that he was occupied, his boss snarled, "I don't give a Goddamn. I said I wanted to see you now."

Figure 2

Fatal Flaws: The Reasons for Derailment

(Based on 65 reasons for derailment from 21 cases: The average derailed executive had two of these characteristics)

1. Specific performance problems with the business
2. Insensitivity to others: an abrasive, intimidating, bullying style
3. Cold, aloof, arrogant
4. Betrayal of trust
5. Overmanaging--failing to delegate, or build a team
6. Overly ambitious--thinking of the next job, playing politics
7. Failing to staff effectively
8. Unable to think strategically
9. Unable to adapt to a boss with a different style
10. Overdependent on an advocate or a mentor

Others were so brilliant they became arrogant, intimidating others with their knowledge. A typical remark was, "He made others feel stupid . . . wouldn't listen, had all the answers, wouldn't give you the time of day unless you were brilliant too."

In an incredibly complex and confusing job, being able to trust others absolutely is a necessity. Some committed what is perhaps management's only unforgivable sin--they betrayed a trust. This rarely had anything to do with

honesty (which was a given in almost all the cases), rather it was a one-upping of others or a failure to follow through on promises, which wreaked havoc on organizational efficiency. One executive didn't implement a decision as promised, causing conflicts between marketing and production that reverberated downward through four levels of frustrated subordinates.

Others, like Cassius, were overly ambitious. They always seemed to be thinking of their next job, bruised people in their haste, and spent too much time trying to please upper management. This sometimes led to staying with a single advocate or mentor too long. When the mentor fell from favor, so did they. Even if the mentor remained in power, people questioned the executive's ability to make independent judgments. Could he stand alone, or did he need a mentor for a crutch?

Managerial flaws. A series of performance problems sometimes emerged where a manager ran into profit problems, got lazy, or demonstrated that he couldn't handle certain kinds of jobs (usually new ventures or jobs requiring lots of persuasion). More important, by failing to admit the problem, covering it up, and trying to blame it on others, the manager showed that he couldn't change. One manager flouted senior management by "failing" to work with a man specifically sent in to fix a profit problem.

After a certain point, managers cease to do the work themselves, and become executives who see that it is done. Some never made this transition, never learning to delegate or build a team beneath them. Although overmanaging is irritating at any level, at the executive level it can be fatal because of the difference in one's subordinates. When executives meddle, they are meddling with other executives, most of whom know much more about their particular area of expertise than their boss ever will. One external affairs executive who knew little about government regulation tried to direct another with 30 years experience rather than help him accomplish what needed to be done. The expert balked, and the executive lost a battle that should never have begun.

Others got along with their staff, but simply picked the wrong people--staffing in their own image with technical specialists, or picking people who later failed.

Inability to think strategically was masked by an attention to detail and a miring in technical problems as some executives simply couldn't go from being doers to being planners. Another, related failure to adapt appeared as a

conflict of style with a new boss. Although the successful managers had the same problem, they didn't get into wars over it, fought problems with facts, and rarely let the issues get personal. Derailed managers exhibited a host of unproductive responses--they got peevish, tried to shout the boss down, or just generally sulked around.

One manager exhibited both flaws--he couldn't change from a go-goer to a thinker/planner and eventually ran afoul of a slower-paced, more reflective boss.

Every strength is also a weakness. The reasons for derailment seemed to be all over the place. Some derailment cases over-controlled, some failed to mind the store. Some were dictators, some were wishy-washy. By going back to why the derailed managers succeeded initially, a pattern emerged that explained how certain combinations of strengths became weaknesses that eventually caused the derailments. In other words, the same attributes that got these men to the top also did them in.

- Executives who were brilliant but not personable derailed because of insensitivity to others or over-managing, or both.
- Executives who were personable but not brilliant derailed because they couldn't think strategically.
- Loyal, hard-working types remained that way and over-managed themselves off the track.
- Ambitious types got skewered for being ambitious. Eventually the trail of bruised bodies became a pile.
- Finally, even those who had it all (brilliant and likable) sometimes derailed, but the reasons were idiosyncratic. One was too ambitious, one betrayed a trust, another fought with the wrong person.

The Arrivers Vs. The Derailed

As we stated at the beginning of the report, both groups were amazingly similar in some respects: incredibly bright, identified early, outstanding track records, a few faults, ambitious, and willing to sacrifice. A closer look (summarized in Figure 3) does reveal some differences and, at the levels of excellence at which executives deal, even a

small difference is more than sufficient to create winners and losers.

Figure 3

Those Who Arrive Contrasted With Those Who Derail

Similar in Many Ways:

- incredibly bright
- identified early
- outstanding track records
- have a few flaws
- ambitious
- made many sacrifices

But Those Who Arrived:

- had more diversity in their track records--had done more different kinds of things well
- maintained composure under stress
- handled mistakes with poise and grace
- focused on problems and solved them
- got along with all kinds of people--were outspoken but not offensive

1. The track records. Derailed executives had a series of successes, but usually in similar situations: They had turned a business around more than once, or they had managed progressively larger jobs, but in the same function. By contrast, the arrivers had more diversity in their successes--they had turned a business around and successfully moved from line to staff and back; or they had started a new business from scratch and completed a special assignment with distinction. They built plants in the wilderness and the Amazon jungle, salvaged disastrous operations, resolved all-out wars between functions without bloodshed--one even built a town. They showed a breadth of perspective and interest that resulted (over 20 to 30 years) in detailed knowledge of many parts of the business, as well as first-hand experience with different kinds of challenges.

2. Composure. Derailed managers were often described as moody or volatile under pressure. One, who could control his temper with top management he sought to impress, was jealous of and often angry at peers he saw as competitors. His too-frequent outbursts eroded the cooperation necessary for success as peers began to wonder if he were trying to do them in.

In contrast, the arrivers were calm, confident, and predictable during crises. Quite simply, people knew how they would react and this helped them plan their actions accordingly.

3. Handling mistakes. Although neither group made many mistakes, the arrivers overwhelmingly handled them with poise and grace. Almost uniformly, they admitted the mistake, forewarned others so they wouldn't be blindsided by it, then set about analyzing and fixing it. Also important were two things the arrivers didn't do--they didn't blame others, and once they had handled the situation, they didn't dwell on it--they moved on to something else.

Derailed executives tended to react to failure by going on the defensive, trying to keep it under wraps while they fixed it, or, once the problem was visible, blaming it on someone else.

4. Going after the problem. Although both groups excelled in this area, arrivers were particularly single-minded. This "What's the problem?" mentality kept them away from three of the common flaws of the derailed--they were too busy worrying about their present job to be eager for their next position, they demanded excellence from their people in problem solving and in so doing often helped develop them, and they developed many contacts, saving themselves from the sole-mentor syndrome. (In fact, almost no successful manager reported having a single mentor.)

5. Interpersonal style. The arrivers, perhaps because of the diversity of their backgrounds, had the ability to get along with all types of people. They either had or developed the skills required to be outspoken without offending people. Rather than being seen as charming-but-political or direct-but-tactless, they were described as direct-and-diplomatic. One arriver disagreed strongly with a business strategy favored by his boss. He presented his objections candidly and gave the reasons for his concerns and for the alternative he preferred. But when the decision went against him, he put his energy behind making the decision work. When his boss turned out to be wrong, the arriver didn't gloat about it--he let the situation speak for itself without further embarrassment to his boss.

Why Executives Derail

Executives derail for four basic reasons, all connected to the fact that situations change as one ascends the organizational hierarchy:

- Their strengths become weaknesses. Loyalty becomes overdependence or narrowness or cronyism. Ambition destroys their support base. Their leadership of subordinates causes them to bog down in operational and technical detail.

- Their deficiencies eventually matter. If talented enough, one can get by with insensitivity at lower levels, but not when one's subordinates and peers are powerful and probably also brilliant. The charming-but-not-brilliant find that the job gets too big and problems too complex to get by on interpersonal skills.

- Success goes to their heads. After being told how good they are for so long, some simply lose their humility and become cold and arrogant. Once someone acts as if there is nothing more to learn, their information sources begin to dry up and people no longer wish to work with them.

- Events conspire, too. A few of the derailed apparently did little wrong. They were done in politically, or by economic upheavals. Essentially, they weren't very lucky.

One senior executive, in commenting on this part of the study, said that he thought only two things differentiated the successful from the derailed--total integrity and understanding other people.

Integrity seems to have a special meaning to executives that is vastly different from its Mom-and-apple-pie image. The word does not refer to simple honesty, but embodies a consistency and predictability built over time that says, "I will do exactly what I say I will do when I say I will do it. If I change my mind, I will tell you well in advance so you will not be harmed by my actions." Such a statement is partly one of ethics, but more, it may be one of deadly practicality. This seems to be the core method of keeping a large, amorphous organization from collapsing in its own confusion.

Likewise, understanding other people's perspectives has the same Mom-and-apple-pie ring to it, but of all the differences between the arrivers and the derailed, this was the most glaring. Only 25% of the derailed were described as having a special ability with people while 75% of the arrivers were spoken of with such warmth. Interestingly, two of the arrivers were cold and assinine when younger, but somehow completely changed their interpersonal style. "I have no idea how he did it," one executive related. "It was as if he went to bed one night and woke up a different person." However the feat was accomplished, a certain awareness of self and willingness to change characterized the group. That same flexibility, of course, is also what is needed to get along with all types of people.

A final word, a lesson perhaps, to be drawn from our findings. Over the years, "experts" have generated long lists of critical skills in an attempt to define the complete manager. In retrospect it seems obvious that no one, the most talented executive included, could possess all those skills. As we came to realize, executives, like the rest of us, are a patchwork of strengths and weaknesses. The reasons why some executives ultimately derailed and others made it all the way up the ladder confirm what we all know but have hesitated to admit: There is not one best way to succeed (or even to fail). The foolproof, step-by-step formula is not just elusive; it is, as Kierkegaard said of truth, like searching a pitch dark room for a black cat that isn't there.

Figure 4

This is a comparison of an executive who arrived with an executive who derailed, in the words of executives who knew them well.

One Who Arrived

The Man

> "He was an intelligent guy with a delightful twinkle in his eye. He could laugh at himself during the toughest of situations."

Notable Strengths

> "He was a superb negotiator. He could somehow come out of a labor dispute or a dispute among managers with an

(Figure 4 continued)

agreement everyone could live with. I think he did this by getting all around a problem so it didn't get blown. People knew far in advance if something might go wrong."

Faults

"He was too easy on subordinates and peers at times. Line people wondered if he was tough enough, and sometimes why he spent so much time worrying about people."

Career

"He wasn't really developed--rather, he was thrown into special assignments--negotiations, dealing with the press, fix-it projects. He always found a way to move things off dead center."

And ended up . . .

Senior Vice President

One Who Didn't

The Man

"He got results, but was awfully insensitive about it. Although he could be charming when he wanted to be, he was mostly knees and elbows."

Notable Strengths

"He was a superb engineer who came straight up the operations ladder. He had the rare capability of analyzing problems to death, then reconfiguring the pieces into something new."

Faults

"When developing something, he gave subordinates more help than they needed; but once a system was set up, he forgot to mind the store. When things went awry, he usually acted like a bully or stonewalled it, once hiring a difficult employee and turning him over to a subordinate. 'It's your problem now,' he told him."

(Figure 4 continued)

Career

"He rocketed upward through engineering/operations jobs. Once he got high enough, his deficiencies caught up with him. He couldn't handle either the scope of his job or the complexity of new ventures."

And ended up . . .

"Passed over and it's too bad. He was a talented guy and not a bad manager either. I suppose that his over-managing, abrasive style never allowed his colleagues to develop and never allowed him to learn from them."

About The Authors

Morgan W. McCall, Jr. and Michael M. Lombardo are Behavioral Scientists and Project Managers at the Center for Creative Leadership in Greensboro, North Carolina. McCall, a Cornell Ph.D., has spent eight years studying leadership and management in complex organizations. Lombardo, with an Ed.D. from the University of North Carolina at Greensboro, has spent a similar amount of time studying how leaders cope with and solve problems in the complex and confusing world of organizations. Frequent collaborators, McCall and Lombardo have co-authored numerous technical reports and two books, and spearheaded the development of Looking Glass, a simulation of upper level management jobs.

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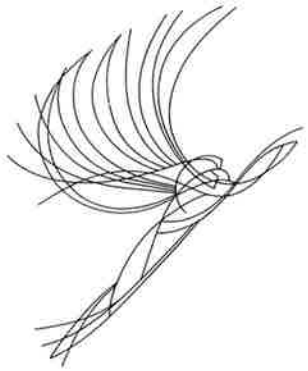

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