



"A" player human capital leadership by

November 2012

## The End of Bad Leadership



*"Being a leader has become a mantra. It is a presumed path to money and power; a medium for achievement, both individual and institutional; and a mechanism for creating change sometimes—although hardly always—for the common good."* ~ Barbara Kellerman, The End of Leadership

Leaders everywhere are in disrepute. Hardly a day goes by without news of corporate ethical violations, financial fudging and CEO failures. Yet, compensation packages and bonuses continue unabated, even when disgraced leaders are sent packing.

Corporate leaders are being pushed out in record numbers. In 2002, 100 CEOs from the world's 2,500 largest companies were replaced—almost four times the number in 1995.

What is happening to our efforts to develop good leaders? In spite of the billions spent annually to train high-potential candidates, why do those promoted to positions of power, with critical responsibilities, continue to fail?

Harvard Business School Professor Barbara Kellerman criticizes the leadership-development industry in her new book, *The End of Leadership* (HarperBusiness, April 2012). She asserts:

- Leaders at every level, across all industries, are failing the people who depend on them.
- Leadership programs have done an inadequate job of producing effective and ethical leaders.
- We don't really know how to grow good leaders, and we know even less about how to stop or slow the bad ones.
- Today's business environment is rapidly changing in ways leaders are unable or unwilling to grasp.
- Followers are disappointed and disillusioned, even though they are more empowered, emboldened and entitled than ever before.

### Leadership's Devolution

Until only recently, we presumed that leaders should dominate and followers must do as they're told. But after several revolutions, labor movements, human-rights legislation and the spread of democracy, the world has radically changed.

Power, authority and influence are in scarce supply for even the most charismatic CEOs, and continuing to devolve. Workers in the middle and at the bottom of the hierarchy have an expanded sense of entitlement, but they're demanding more and giving less. Technology has helped level the playing field.

Workers are often indifferent, disengaged or outright resistant. There are only two reasons they'll follow a leader:

- 1.They have to.
- 2.They want to.

## The Leadership Trust Gap

The end of the 20th century marked the demise of command-and-control leadership, although some bosses stubbornly insist on trying to make it work. In its place, leaders are advised to become more participatory—to lead by cooperation and collaboration.

Leadership success is judged on three criteria:

- Is the leader ethical?
- Is he/she effective?
- Does the business make money and provide jobs?

In the workplace, however, followers judge their leaders and ask:

1. Does my boss have my best interests in mind (and does he/she even know what they are)?
2. Is my boss looking out for the company’s best interests?
3. Why should I believe, follow and trust this person?

Like most other animals, humans tend to look to strong males to provide what’s most important: safety and security. We’re just like baboons, deferring to males whose strength and capacity to lead have been tested.

There is no leadership without followership. Good leadership requires good followers, who may be passive or active (depending on context). But followers have generally been slow to embrace empowerment and participate in the leader/follower tango.

In a perfect organizational world, we would be blessed with transformational servant leaders who are intrinsically motivated to provide benefits to their followers. But in the real world, bosses are rarely that accommodating. We nevertheless expect our leaders to make things better for both the business and our careers.

Corporate leadership is simultaneously envied and disdained. We are in awe of strong personalities who take charge and earn big compensation packages, bonuses and perks. At the same time, we cannot deny that the gap between the rich and poor has been steadily increasing for decades, and the middle class has declined.

Furthermore, the financial crisis—the worst since the Great Depression—has been slow to recover. Many blame executives at our top financial institutions for eroding trust in leadership. We are left with an impression of widespread corporate corruption that continues to be amply rewarded, even when CEOs are dismissed for poor performance.

A 2011 Gallup poll confirmed that corporate America’s reputation is in tatters, with 62% affirming they want major corporations to have less influence in the future—a figure that increased 10% in a decade. A whopping 67% of those polled said they resent big business’ influence.

A survey of Fox News’ right-of-center viewers found that most overwhelmingly believe (a 6:1 margin) that corporate leaders have done more to hurt than help the economy.

### Wise Quote

*“Leadership is the highest of the arts, because it enables all the other arts and professions to work.”*

Stephen Covey

## Income: The Great Divide

Most of us expect our leaders to be paid more than we receive. We recognize that they work long and hard, are intelligent and experienced, and shoulder responsibilities and risks most of us wouldn't want.

But has the economic and lifestyle gap grown absurdly large?

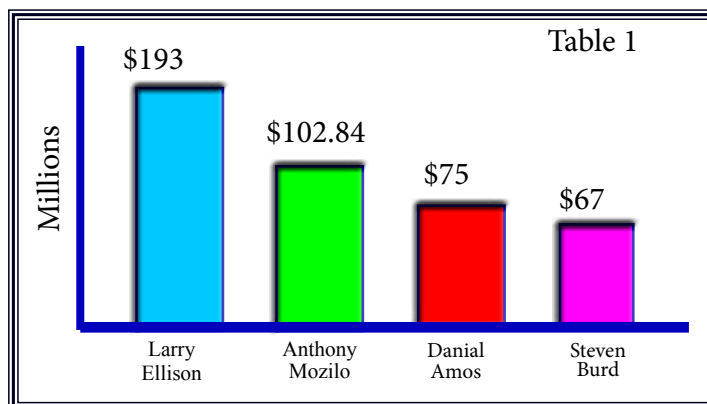
Between 2002 and 2007, the bottom 99% of American incomes grew only 1.3% a year, compared to a 10% bump in compensation for the top 1%.

Let's look at a few examples of CEOs' annual compensation (Table 1):

- In 2008, Oracle's Larry Ellison received nearly \$193 million
- Countrywide Financial's Anthony Mozilo: \$102.84 million
- Aflac's Daniel Amos: \$75 million
- Safeway's Steven Burd: \$67 million

The median pay for top executives at 200 big companies in 2010 was \$10.8 million, a 23% jump from 2009.

These examples contribute to our dislike and distrust of those at the helm. These leaders seem to grow excessively rich as the average American struggles to make ends meet.



## Flawed Followers

Perhaps today's leaders can get away with various and sundry peccadilloes because their followers fail to demand accountability.

*"Leading in America has never been easy," writes Barbara Kellerman in The End of Leadership. "But now it is more difficult than ever—not only because we have too many bad leaders, but because we have too many bad followers."*

Many of us are too timid, disengaged or alienated to speak up, making it easy for corporate leaders to do what they want—and what's best for their bank accounts.

The leadership-development industry has become huge, with \$50 billion a year spent on corporate training. Shouldn't the curriculum include elements of followership? Everyone, including the CEO, has to answer to someone, be it a board, stockholders or a senior team.

## Question These Assumptions

Kellerman asks those in charge of leadership-development programs to question the assumptions the industry promotes:

- Leadership can be learned by most—quickly and easily; over months, weeks or weekends.
- Leaders matter more than anyone else.
- Followers are secondary.
- Context is tertiary.

She also suggests several important mindset shifts based on these assumptions:

1. **We cannot stop or slow bad leadership by changing human nature.** No amount of preaching or sermonizing—no exhortations to virtuous conduct, uplifting thoughts or wholesome habits—will obviate the fact that our nature is constant (even when our behaviors change).
2. **We cannot stop or slow bad leadership without stopping and slowing bad followership.** Leaders and followers are always interdependent.
3. **We cannot stop or slow bad leadership by sticking our heads in the sand.** Amnesia, wishful thinking, the lies we tell as individuals and organizations, and all of the other mind games we play to deny or distort reality get us nowhere. Avoidance inures us to the costs and casualties of bad leadership, allowing them to fester.

## What Leaders Can Do?

Leaders can become more effective and ethical by following these steps:

- Limit tenure in positions of power; share power.
- Don't believe your own hype; get and stay real.
- Compensate for your weaknesses by hiring and delegating well.
- Stay balanced and healthy.
- Remember the mission.
- Develop a personal support system (mentor, advisor, coach, best friend).
- Establish a culture of openness in which diversity and dissent are encouraged.
- Be creative, reflective and flexible.
- Avoid groupthink; ask the right kinds of questions.
- Question assumptions; get reliable and complete information.
- Establish checks and balances.

## What Followers Can Do?

If bad leaders are to be stopped or slowed, followers must play a bigger part.

But many followers consider the price of intervention to be too high. There are real benefits for going along, along with real costs and risks for not going along. We often choose to mind our own business. Nevertheless, incompetent and unethical leaders cannot function without followers.

Followers can strengthen their ability to resist bad leaders by observing these guidelines:

- Empower yourself.
- Be loyal to the whole, not to any one person.
- Be skeptical; leaders are not gods.
- Find allies; develop your own sources of information.
- Be a watchdog (especially if the board seems too compliant).
- Take collective action (even on a modest scale, such as assembling a small group to talk to the boss).
- Hold leaders accountable; use checks and balances already in place.

Luckily, more followers are stepping up to the plate, demonstrating a willingness to share responsibilities, power, authority and influence. They know that once bad leaders are entrenched, they seldom change or quit of their own volition. It's up to us to insist on change—or an early exit.



### Contact US

212.861.2680 or 800.486.8476

e-mail request

Centers of Excellence:

• Americas • EMEA • Asia Pacific

Download E-Dossier

Video Presentation

This Executive Edge was created by

The Hunt Group, Inc.

Lead Editor: J.B. Hunt

Retained Executive Search

Executive Assessment

Executive Coaching & Outplacement

Human Capital Consulting

Download E-Dossier