

Why Leaders Fail—Part I

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Why do leaders fail? This is a critical question, and the answer to it is important because, in most situations, as leaders go, so goes the organization. The good news is that empirical studies in the last several years have shed ample light on this question.

But, let's begin with a brief look at why leaders succeed. An increasing body of research and practical experience suggests that highly effective leaders create motivated followers, and that these engaged employees make the difference between the organization that thrive, rather than just survive. At Roselle Leadership Strategies, our research and experience suggest that the most effective leaders exhibit strengths in three basic pillars of competence: building **relationships**, achieving **results**, and applying **resourcefulness**. These "Three-R's" of leadership form the basis for our FULLVIEW Feedback Inventory™, and include such behaviors as driving for results, inspiring and motivating others, providing strategic perspective, coaching and developing, influencing decision makers, and collaborating across groups.

It is not necessary for leaders to possess strengths in all three of these buckets in order to be successful. In fact, most leaders do not have the perfect "trifecta" of strong relationships, results, and resourcefulness. However, it is imperative that their weaknesses are not so large that these overshadow their strengths. When dysfunctional, toxic behaviors dominate leaders' behaviors, their strengths become almost unnoticeable.

Recent research from a consortium of executive coaches and talent management consultants shows that one in four externally hired executives and one in five internally promoted executives do not perform as expected, even after two years on the job. They concluded that in most of these underperforming executives, the most critical factors in their failure were **lack of interpersonal and leadership skills**. Other factors cited as contributing to these failures were: organizational structural problems, conflicting goals with more senior management, and poor fit with the new role.

These are important data, because the failure of leaders at multiple levels in organizations typically has as a component lack of interpersonal/relationship skills. Across a variety of studies using different methodologies in various organizations and cultures, unsuccessful leaders were found to display poor judgment, inability to build effective teams, difficulty building relationships, and little evidence of learning from their mistakes. They fail to address the gaps that others point out to them in feedback, do not thrive in changing situations, lack self-insight, and/or exhibit flaws in their moral character.

Other research over the last 30+ years shows an average rate of leader failure at about 50 percent, with a range across various studies from one third to two thirds. When top leaders fail, it is usually a very expensive problem to resolve. One cost is the actual financial impact. Various studies have estimated the range in cost from \$500K to more than \$2M, depending on the size of the organization and the level of the failed leader within it. These figures do not include the value of pre-negotiated severance

packages, or missed business objectives.

Other costs, less tangible and measurable, include the stress and unhappiness that dysfunctional leaders cause in their team members and peers. Organizational climate surveys consistently show about 75 percent of working adults indicating that the most stressful aspect of their job is their immediate boss. In human resource exit interviews, the reason most frequent cited by those leaving is poor relationship with their manager. The costs in decreased productivity, negative acting-out behaviors at work, and employee turnover is considerable. Overall, the costs associated with toxic leaders may represent the greatest profitability opportunity for most organizations.

The initial studies of leader failure primarily focused on U.S. males. However, subsequent studies replicated the results in females and across various European and American samples. Three themes that consistently seem to rise to the top in their impact on leader failure are: problems with interpersonal relationships, difficulty adapting to changing dynamics, and poor business performance. Earlier in this paper, we described the three pillars represented in our 360-degree instrument, the FULLVIEW Feedback Inventory™, as reflecting the Three-R's of relationships, results, and resourcefulness. The studies of leader failure clearly parallel the need for a degree of capability across these three.

Within the last five years, other researchers have identified nine categories of destructive leader behaviors and found no differences between males and females. The nine included issues like: persistent people problems, over-controlling with others, under-controlled in their own emotions, poor planning/organization/execution, inappropriate use of information/rumors, failure to manage/nurture talent, and failure to consider human needs. This last factor, failure to consider human needs, was found to have the most devastatingly toxic impact on staff morale.

Within the last 10 years, research has identified specific behaviors that can potentially result in leader derailment. They include the following four major problem areas:

- Building/maintaining team (micromanaging, autocratic, poor morale/motivation)
- Non-strategic perspective (too detailed, reliant on technical skills, unable to prioritize)
- Working relationships (insensitive, abusive, blames others, not politically astute)
- Inappropriate behavior (over-reacting, poor integrity, easily stressed, gossip/rumor mongering)

If you reduce the types of problems identified across the various research studies into broad categories, you find that poor relationships with people (not handling problems, too emotional, not considering needs of others, abrasive, blaming), inadequate results (problems with planning/organization/execution, not strategic enough), and inappropriate guidance (over-controlling, failing to manage/nurture talent, not to building/maintaining team) are the three fundamental issues that stand out. Again, this set of recent findings parallels the Three-R's of leadership from Roselle Leadership: relationships, results, and resourcefulness.

This first of two **Leadersynth** papers on the topic of Why Leaders Fail is designed to pull key finding from research and experience to identify behaviors most associated with derailment, dysfunction, and leader failure. In the next paper, we will explore what organizations like yours can do to minimize the likelihood of selecting dysfunctional leaders and mitigate the effects of the toxic leaders already employed there.