By Clay Sherman

Contrarian Edge
Why Leaders Fail

Leadership has always been the key ingredient in making organizations go; its absence, the root cause of any organization's demise. With a healthcare reform tsunami expected, the new stresses will either lift or sink leaders' boats. But let's be clear: the outcomes at your shop are in your hands. Thomas Teal, a senior editor at *Harvard Business Review* put it this way:

"Look closely at any company in trouble, and you'll probably find that the problem is management. Ask employees about their jobs, and they'll complain about management. Study large corporations, and you'll discover that the biggest barrier to change, innovation, and new ideas is very often management. Make an inventory of the things that have stifled your own creativity and held back your own career; summarize the critical factors that have stood in the way of your organization's success; name the individuals chiefly responsible for the missed opportunities and bungled projects you yourself have witnessed. Managers will top every list."

The continuing phenomenon of high turnover rates in America's hospitals attests to the fact that a lot of boards are unhappy with performance in the executive suite, notwithstanding the fact that running a hospital is a nightmare at best.

Hospitals have grown notorious for their bad business model, the drag of the insurance industry's ponderous claim procedures, out-of-whack reimbursement, the feeding frenzy of the lawyers, and non-cooperative physicians. One friend observed that he wonders about the sanity of any executive wanting to captain such a ship. And yet many brave men and women persevere in holding the helm despite raging storms.

Surrounding the circus of yet another CEO dumping, one sees the standard press releases about the need for a change in strategy or opportunities that took the departed leader elsewhere. Drucker's comment that an ounce of performance is worth a pound of strategy gets us closer to the real story, for failure is seldom caused by strategy.

In recent years, a list of 16 competencies have been shown to be key performance areas for leadership performance. Leader research in recent times has determined the most likely areas where failure is likely to occur:

Lack of vision. Failure of vision usually meant not a lack of plan, but lack of a plan that was understood and believed. Often associated with leader failure was the absence of Camelot: engagement in a worthy cause or a journey to meaningfulness.

Poor communicator. This failure area was often one of consistency and constancy. "Stay on message" is good advice in politics and applies equally in management. Tell them, and tell them, and tell them again. "The best boss I ever had" discussions always paint the picture of high expectations and demanding task-masters. "I expect you to win" is their constant drumbeat.

Failure to execute. Bumbling and half-baked execution was a leading cause of failure. Some research justifies the conclusion that a poorly conceived yet well executed plan is better than an excellent but poorly executed plan. In a failing scenario, there is delay and decision slowdown. Getting it done, and done well, can make up for a lot of deficiencies.

Cannot build teams. Particularly serious is the leader's inability to build a strong top team. What results is discordance among top leaders, which leads to uncertainty about direction. As a result, the very people whose insights and support the leader needs set them adrift. Conversely, a tightly knit top team is like watching a Super Bowl performance. The ball is hiked, everyone moves to position, spirited play—touchdown!

These predictable problem areas are rooted either in execution or in the persona of the individual leader. People can be taught the habits and techniques of effective execution, but dealing with who they are as people is much more difficult, and most organizations don't have the time for it.

"Remove the phony bastards" was Patton's terse advice for those dealing with leader issues. Drucker's more kindly observation was that a board's number one responsibility was knowing when to fire the CEO.

Ask yourself whether or not you and your colleagues are acting in the affirmative on each of these dimensions. If you are, you have successfully avoided the common pitfalls and are maximizing the chances for finding the joy of riding the big curls ahead.

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