

The Dark Side of Leadership



Dr Tuvia Melamed

ClearWater A&D

**Swimming against
the current...**

**We are looking for
people with a
potential to fail...**

**On the route to
become a major
liability...**

Everyone is looking for people with the potential to be successful – but there are some roles, where the potential of getting it wrong, can outweigh the benefits of having a high potential, high performer in place. The reality is that in many cases, those who turn out to be a major liability, give an impressive impression of high potential and high capability.

Remember Gerald Ratner, the entrepreneur who created the multi-million jewellery business, and in one statement (“People say. ‘How can you sell this for such a low price?’ I say, because it’s total crap”) wiped out an estimated £500m from the value of the company. How about Nick Lesson? – The golden boy of Bearing Bank, whose actions resulted in the sale of the 200-year establishment for £1.

It is not just the colourful characters that hit the news that can become a liability. In August 2007, British Airways was fined £270 million after it admitted that one of its senior managers tried to colluding with Virgin Atlantic over fuel surcharges and price-fixing on cargo flights.

So think about those high hitters who leave carnage behind them. It is a very difficult to challenge or argue against them; let alone stop them. As from performance perspective, they close major deals, lead complex projects to successful completion, create innovative products, attract clients, and deliver spectacular operational and financial results. Organisations try to learn to live with their shortfalls and justify it by saying that the business depends on them for its success. This is probably true, but only up to a certain point. In the long-term they can cause unacceptable collateral damage, and might bring the organisation to ‘its knees’. In safety-critical industries such as oil exploration, aviation, and medical care, there is plenty of evidence that such disruptive behaviour can cause life-threatening errors.

There are several reasons as to why do talented people derail in spite of their brilliance, and why they do not address their weaknesses before they cause havoc. One of the most common reasons is their lack of insight. They dismiss potential weaknesses as unimportant, redefine them as part of their ‘charm’, ‘style’ or even ‘secret of success’, and blame others for “overreacting”. What’s more, It is customary in many organisations to approve such actions by subscribing to cultural statements such as “I didn’t get where I am today by taking the soft approach or by being nice to people”; “we could do with a bit of backbone” or “It’s time we told it to people as it is – they need to know what is what”.

There is an organisational trap here – I call it **HR²** - it is an acronym for ‘High-Risk – High-Return’. The challenge for organisations with such high-risk high-return individuals is to retain their talents whilst minimising the damage they cause along the way.

The Center for Creative Leadership (McCall and Lombardo) researched executives who were viewed as technical gurus or tenacious problem solvers, but under demanding job pressures their strengths turned into liabilities that become costly and highly noticeable for the organisation. The study identified four sets of characteristics that can lead to such derailment – these were: (a) problems with interpersonal relationships (such as arrogance, aloofness, coldness and detachment); (b) problems with execution of business objectives (such as betraying trust, failure to follow through); (c) problems with inability to lead a team; and (d) problem with managing change or adapting to transition (such as limited strategic capacity; over-controlling). Likewise, Robert Hogan, one of the leading figures in the study of leadership derailment, used taxonomy of mental disorders that manifest themselves in a subtle way in organisational life and in the behaviour of derailed leaders. He categorised the characteristics that derail high flyers' careers and cause negative consequences for their organisation into eleven derailing characteristics. He calls these the "dark side" of personality – the characteristics that are not normally apparent but which emerge when an individual is under great pressure (see the following table).

	Description	On a Good Day	Limitations
Excitable	Inappropriate anger. Intense and unstable relationships, alternating between idealisation and devaluation. <i>Clinical Term – Borderline Personality</i>	Passion; Empathy; Energy; Enthusiasm; Concern	Volatility; Emotional explosiveness; Emotional instability
Sceptical	Distrustful and suspicious of others; Conspiracy theory oriented; Motives are interpreted as malevolent. <i>Clinical Term – Paranoia</i>	Shrewd; Insightful; Social and political insight; Critical analysis; Sharpness	Cynicism; Negativity; Excessive suspicion; Blame; Draining energy from others
Cautious	Social inhibition; Feeling of inadequacy; Hyper-sensitivity to criticism or rejection. <i>Clinical Term – Avoidance</i>	Risk assessment; Voice of reason; Devil’s advocate	Indecisiveness; Paralysis by analysis; Risk-averse;
Reserved	Emotional coldness and detachment from social relationships; Indifference to praise and criticism. <i>Clinical Term – Schizoid</i>	Emotional unflappability; Focus; Concentration; Productivity	Gaining buy-in; Poor communication; Insensitive; Getting the best from others
Scheming	Passive resistance to social and occupational performance; Irritation when asked to do something they do not want to do. <i>Clinical Term – Passive Aggressive</i>	Good social skills; Diplomatic; Political astuteness	Passive aggression; Manipulation; Stubbornness; Killing initiatives
Bold	Arrogance; Haughty behaviours or attitudes; Grandiose sense of self-importance and entitlement. <i>Clinical Term – Narcissism</i>	Charisma; Conviction; confidence; Courage; Energy; Untouchable mentality	Arrogance; Belief in own press; Overbearing; Lack of remorse; Inability to learn from mistakes
Mischievous	Disregard for the truth; Impulsivity and failure to plan ahead; Failure to conform to social norms. <i>Clinical Term – Antisocial</i>	Risk taker; Challenging; Charming; Mission impossible;	Reckless; Deceitful; Morally bankrupted; Uncontrolled impulsivity; Steals the glory
Colourful	Excessive emotionality and attention Seeking; Self-dramatisation; Theatrical and excessive emotional expression. <i>Clinical Term – Hysteria</i>	Risk taker; Pushes boundaries; Challenging; Engaging; Impactful	Reckless; Deceitful; Morally bankrupted; Prima-donna
Imaginative	Odd belief or magical thinking; Eccentricity; Behaviour or speech that are odd or peculiar. <i>Clinical Term – Schizotypal</i>	Creativity; Vision; Radical innovation; Step change	unrealistic ideas; No consolidation; dismissal of best practice; No continuous improvement
Diligent	Obsessive occupation with structure, orderliness, process, rules, control and procedures; Perfectionism. <i>Clinical Term – Obsessive Compulsive</i>	High standards; Reliability; Good role model	Control freak; Micro-managing; Pure operational; not strategic
Dutiful	High maintenance. Difficulty making simple decisions without advice or excessive reassurance; Difficulty expressing disagreement out of fear of loss of support; Excessive need to please. <i>Clinical Term – Dependent</i>	Loyalty; Organisational commitment; Hard worker; Customer service; Polite	Spineless; Good No.2 – Not a No. 1; Pushover; Inability to challenge authority

An Illustrative Case Study

ClearWater has recently supported a professional services firm going through a major operational and cultural change. Key to this change was M – An equity holding Managing Partner in the firm. M was in charge of a

Strategic Business Unit (SBU) that included several diverse businesses. M's biggest challenge was to create a cohesive SBU with clear identity and well-defined 'routes to market' strategy that builds on leverages among the diverse business units within the larger SBU. This was a difficult challenge as the different business units had a long history of independent operation without a broad umbrella. This challenge was vital to the Professional Services firm as the recession and tough economic market, made it difficult for many of the business units to break-even, let alone, make profit.

M's rise to the Head of SBU position was a combination of five factors – An earlier success in winning a massive three-year contract with a highly respectable client; a tough, uncompromising, honesty and integrity; a down-to-earth, practical and pragmatic, no-nonsense approach; strong drive and ambition to succeed; and extreme dedication and commitment to the firm. Clearly, M's role was critical to the future of the firm as the driving force behind the relatively new SBU, but the results were not coming in, performance targets were not met. Not used to failure, M doubled his effort in doing what he knows best and what proved a success in the past – Pushing and challenging the business units and individuals within them, closely monitoring and measuring their performance, setting tough targets and re-visiting them regularly, demanding total dedication and high standards, forcing central rules and procedures to standardise operations... But the results still did not materialise. The SBU was operating as a random amalgamation of independent and diverse business units, there were no significant cross-selling or collaborative projects, no leverages were realised among the different business units, and the financial results were behind agreed targets. Furthermore, the cost to colleagues was becoming a concern – the common joke/complain regarding M was “working with you is killing me”. Resignations of senior players were common occurrence, morale was low, and the two waves of compulsory redundancies initiated by M, made the SBU a depressing place to work. Many spent their time, buying time, before jumping ship.

The CEO sought our advice. Our assessment was that M's profile was not suitable for a strategic integrative role. His skills were more as an entrepreneurial sole operator. The tough uncompromising style that made M a success in the first place, was likely to do more harm than good. More specifically M displayed two extreme 'dark-side' personality traits – 'Diligence' and 'Reserved'. These made M highly focused, tough and uncompromising, yet, under pressure they also brought the worst out of him. The strong operational focus with limited strategic perspective associated with high 'Diligence', meant an inability to create a cohesive and coherent vision for the SBU as a whole. When results were not emerging, M revert to the typical 'Diligence' approach of 'try harder' rather than 'try something different'; 'micro-manage' rather than 'seek innovation', and 'enforce compliance' rather than 'learn from local practices'. Furthermore, the 'Reserved' style meant strong focus on targets, but failure to gain buy-in to overall operational strategy. It resulted in forcing top-down decisions, while failing to properly communicate the rationale for them. It demanded compliance, while being insensitive to localised specific issues.

At a series of feedback meetings involving the Managing Partner and the CEO – it become clear that M's strengths are not fully utilised in this role. The SBU was re-structured, the senior roles were re-defined. An additional Managing Partner was brought in to manage an element of it, and M's role was re-defined around his strengths.

The HR² Approach

The HR² approach is used both to inform selection decision into high-risk positions, and development of managers that show signs of derailment. From a selection perspective, it stops the High-Risk High-Return slip through the net. It prevents the case of finding how disruptive they could be when it is far too late... From a development perspective, it offers a clear framework to manage and develop such individuals.

The approach places great importance on three things—an accurate pin-pointed diagnosis, a buy-in and involvement of all key stakeholders, and pragmatism.

HR² is a sophisticated 1-day intensive 1-to-1 psychological assessment, that has been scientifically developed and designed to target and ensure, that the people who are totally wrong, potential liability, or potentially damaging to your organisation, cannot ... and do not ... slip the radar. The 1-day diagnosis involves an in-depth semi structured interview, the completion of psychometric questionnaires, a business simulation exploring the ability to handle complexity, psychological exploration. Additional input that informs the diagnosis and

prognosis includes: (a) the contextual factors that have influence over the individual and the situation; and (b) the challenges the organisation is facing now and in the future.

The HR² assessment explores four inter-dependent building blocks:

- THINKING – Cognitive biases generated by Thinking Style and limitations in managing complexity
- BEHAVIOUR – Maladaptive habitual behavioural acts
- PERSONALITY – The interface between the bright side of personality and the emerging dark side
- EMOTION – The distorted defence mechanisms used to handle emotional dispositions

When used for development, the 1-day diagnosis is followed by a series of 1-to-1 feedback session and a 3-way session involving the individual and their line manager. These sessions are used to draw a practical and pragmatic action plan and a personal development plan. In many instances this involves a mixture of structural changes to the organisation, the contextual setting, or the manager's role, with a personal development programme for the individual. The pragmatic development programme offers a blend of 'damage limitation' interventions focusing the prevention of damage caused by derailing tendencies, with 'strengths enhancement' interventions where the individual gains insight to the ways they can best utilise their profile and their unique strengths.