



Derailed

Five Lessons Learned From Catastrophic Failures of Leadership

THE SUMMARY IN BRIEF

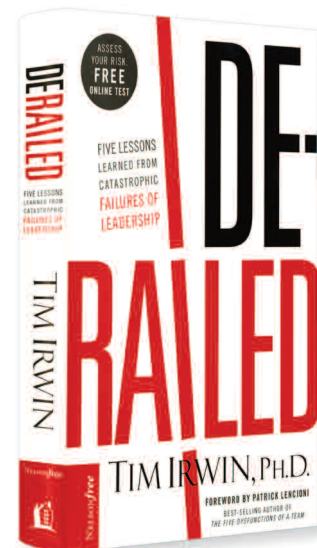
The story of the fallen CEO has become a cultural fixture: veering off course with the force of a train careening off its tracks, leaving fiery wreckage and devastating injury throughout the organization. These executives are often the smartest and most respected individuals in their industries, yet they astonish us by driving the train dramatically off course, blinded by unchecked power and arrogance. Author Tim Irwin believes that these leaders suffer from failures of character that are common to each of us — even the most capable individuals. Deficits in authenticity, humility, self-management and courage become more dangerous as we take on more leadership and can cause us to ignore glaring signals that might otherwise save us from catastrophic demise.

Derailed chronicles the collapse of six high-profile CEOs (Robert Nardelli, Carly Fiorina, Durk Jager, Steven Heyer, Frank Raines and Dick Fuld) and the factors that drove their downfalls. These particular leaders offer highly visible and compelling illustrations of individuals who derailed for the very reasons we can derail — a failure of character. This doesn't mean failed character in the sense of dishonesty that results in fraudulent behavior, but rather compromised character in a broader sense — for example, hubris or being dismissive of others.

We learn that derailment really happens long before the crash. *Derailed* helps us to understand how derailment occurs — the real point of the six leader profiles — and it helps us avoid cataclysmic train wrecks in our own careers.

IN THIS SUMMARY, YOU WILL LEARN:

- What common character traits undermine otherwise successful leaders.
- How to read the warning signs of an impending train wreck.
- How a strength can quickly and easily become a weakness.
- Why it is important to understand the character qualities that are essential for leadership.
- How to cultivate habits that improve our effectiveness.



by Tim Irwin, Ph.D.

CONTENTS

Running Off the Rails
Page 2

Critical Questions for Managers
Page 3

A Bad Campaign
Page 4

Developing Courage
Page 5

Derailed in Slow Motion
Page 6

Staying on the Rails
Page 7

Five Critical Lessons Learned
Page 8

THE COMPLETE SUMMARY: DERAILED

by Tim Irwin, Ph.D.

The author: Tim Irwin, Ph.D., is an author, speaker and leading authority on leadership development, organizational effectiveness and executive selection. For more than 20 years, he has consulted with many of America's most well-respected organizations and top Fortune 100 companies. He has also served in a senior management post for a U.S.-based company with more than 300 offices worldwide. Presently, he is managing partner of IrwinInc., a provider of psychological services to businesses.

Derailed by Tim Irwin, Ph.D. Copyright ©2009 Tim Irwin. Summarized by permission of the publisher, Thomas Nelson. 217 pages, \$24.99. ISBN: 978-15955-5274-7. To purchase this book, go to www.amazon.com or www.bn.com.

Summary copyright © 2010 by Soundview Executive Book Summaries, www.summary.com, 1-800-SUMMARY, 1-610-558-9495. For additional information on the author, go to <http://www.summary.com> or DrTimIrwin.com.

Running Off the Rails

When a huge machine that is designed to pull great loads gets outside the crucial limits of two parallel steel rails, there are always certain and disastrous consequences. It seems particularly grievous when the derailment results from the careless behavior of the engineer who, of all people, should be responsible and worthy of our trust.

All of us who work in organizations are the “engineers” of something, whether it is a team, a project, a department or the mail room. Derailment in our jobs means we are off the rails. We cannot proceed in our present jobs, just as a derailed train cannot continue on its intended path. Whether it’s business, law, medicine, ministry, transportation, education, consulting, the military, skilled trades, art, music or anything else, we work according to some set of expectations or requirements. A failure to achieve the expected results in any work relationship can result in derailment.

Consequences of Derailment

A person in a senior position, like the CEO, works for a governing authority, such as a board of directors, which can vote to remove the leader from his or her position. Though there may be many specific reasons for termination, they basically fall into three categories.

First, the company is not performing to expectations. The metrics by which a board makes that determination vary. The stock price may be languishing. The company’s return on investment may be poor and it may be losing money.

The second category is more complex. The governing body concludes that even if the company is achieving its

financial goals, the manager reaches them in a manner incongruent with the values and culture of the organization. Turnover in the senior ranks, poor morale and general lack of endorsement by the members of the organization typify the symptoms of an organization with a leader not fulfilling a cultural mandate.

Category three, a combination of the first two, makes the decision to fire a leader easy. The leader failed to achieve results, and he or she violated the company’s values or culture along the way. ●

Profiles in Derailment

Profile: Bob Nardelli

At 5 feet 10 inches tall and 195 pounds, Bob Nardelli’s dream of playing professional football was a stretch. “The rest of the world got bigger,” he recalled, “and I didn’t grow anymore.” Perhaps this was when the chip began to form on Nardelli’s shoulder. From that point on, he seemed wrought with something to prove, if not to the NFL, then to the hard-hitting, high-dollar corporate world.

He earned a business degree and took a job at General Electric (GE) where he quickly became a go-to guy. Though never a blazing intellect, he worked the longest hours, tackled the toughest turnarounds, and became, in the words of GE’s CEO at the time, Jack Welch, “the best operating executive I’ve ever seen.” He was duly nicknamed “Little Jack.” He was primed to succeed his namesake as GE’s next CEO, but he came up short yet again, and this time it had nothing to do with his height.

Soon after Welch let him go, Nardelli was offered the CEO position at Home Depot. Nardelli’s charge: Tidy



1-800-SUMMARY
service@summary.com

Published by Soundview Executive Book Summaries (ISSN 0747-2196), P.O. Box 1053, Concordville, PA 19331 USA, a division of Concentrated Knowledge Corp. Published monthly. Subscriptions starting at \$99 per year.
Copyright © 2010 by Soundview Executive Book Summaries.

Available formats: Summaries are available in several digital formats. To subscribe, call us at 1-800-SUMMARY (240-912-7513 outside the United States), or order online at www.summary.com. Multiple-subscription discounts and corporate site licenses are also available.

Rebecca S. Clement, Publisher; Sarah T. Dayton, Editor in Chief; Andrew Clancy, Senior Editor; Edward O’Neill, Graphic Designer; Tom Moore, Contributing Editor

the chaos of Home Depot's rapid, uncontrolled expansion.

Nardelli shoved the interpersonal relationship standard to the concrete floor when his initial cost-cutting measures included slashing full-time jobs, capping wages and recruiting former military officers to run the stores. It didn't take long before staff morale and customer service began to collapse. Slowly but surely, the once happy-go-lucky Home Depot became a mathematical equation. As the earnings went up under the Nardelli equation — they had nearly doubled by the time of his departure — the stock went down (at a time when Lowe's soared 200 percent) and the human spirit went out.

His Way Was the Highway

The sum total of Nardelli's leadership at Home Depot was a dramatic shift in the spirit of the company and subsequently the service of their ever-satisfied customers. The 98 percent turnover in the company's top executives — with 56 percent of the new hires coming in from outside the company — supports this notion. People simply couldn't and wouldn't work passionately for their command-and-control leader. In this respect, Nardelli was no leader at all. He was a dictator who demanded compliance.

If there is a generalization about Nardelli's mistake, it is that he usurped Home Depot's identity. This was the result of a much deeper mistake than alienating employees and angering stockholders.

Nardelli displayed an unprecedented level of arrogance at Home Depot. It was his way or the highway. His tone-deaf response to criticism was only slightly overshadowed by an ego that served as the antithesis of his physical stature. His intolerance for imperfect people and those who could not be controlled sent only one message: Get it right or get out.

While no one will argue that Nardelli is highly capable, he will likely not fulfill his potential as a leader until he learns what all great leaders know: Greatness does not result from competence only; it flows from an inspired work force that trusts the character of its leader.

Profile: Carly Fiorina

In the late 1990s, Hewlett-Packard (HP) faced a defining moment in its history. Caught in its longest financial slump, the HP Way was under fire. "To jumpstart the moribund company," explained a *Business Week* article, "the board brought in ... the charismatic Carleton S. Fiorina. Shake things up she did." It is an accurate assessment. But perhaps the connotation is more diplomatic than it should be.

It took little time for Fiorina's cultural makeover of

Critical Questions for Managers

Every manager should be able to answer these questions before taking over a department, function or even the whole organization. Take off the mask and lay down the baseline of authenticity from which to build by asking yourself:

- Who am I?
- Where did I come from (personally and professionally)?
- What are the values that fundamentally guide me?
- Who has had a major influence in my management philosophy?
- What experiences (positive and negative) in my background have prepared me for this role?
- Why am I the right person for this position?
- What are my expectations for the team?

For some, personal transparency feels like a loss of control. We just can't push through and break the authenticity barrier to express who we really are. But when we answer these or similar questions honestly, we are being authentic. It makes us more credible and trustworthy in the eyes of our colleagues.

HP to take hold ... and begin turning sour. While no one was arguing the need for a more unified front, HP insiders began to sense that Fiorina's change strategy was less about HP and more about promoting its new boss.

Fiorina's make-or-break moment occurred in 2002, when she pushed through a controversial merger with Compaq, overcoming opposition from board member and Hewlett family member Walter Hewlett in the most expensive proxy battle ever fought. Although the merger made HP the immediate market leader in personal computers, Fiorina's treatment of Walter Hewlett showed a gross disregard for HP's roots.

The board tightened its position and eventually made it clear to Fiorina that they planned to shift some of her operational responsibilities to her direct reports. It was their intention not to fire Fiorina in this process but rather to help her succeed. Because of her resistance, the board asked for her resignation on the grounds that they needed a leader with more operational talent.

Failing to Face Facts

Prior to Fiorina's arrival, HP fostered an environment where workers felt obligated to be involved and speak up when something needed fixing or could be improved. Fiorina changed that environment to one of distrust and fear. People no longer felt they could or

Summary: DERAILED

should speak up. Nor did they feel they had any say in the direction the company was headed. It was a shift too far off track from which to recover.

On Fiorina's downfall, it is perhaps simplest to conclude that what led to her derailment were the shortcomings she saw abundantly in others but did not acknowledge in herself. Failure — even her own — was always someone else's fault. This trait, in combination with her penchant for promoting herself, did nothing but culminate into a perception that she was both too self-focused and disingenuous.

Profile: Durk Jager

When longtime Procter & Gamble CEO Edwin Artzt retired in 1995, the company's board created a post for Dutch-born Durk Jager, 51-year-old head of Procter & Gamble's U.S. business. Tough, autocratic and a former protégé of Artzt, Jager was named chief operating officer (COO). Four years later, the hard-charging Jager became CEO.

Jager was adamant that rapid restructuring and cultural change were necessary to free innovation from the many layers of bureaucracy. Jager was dead-on in theory — structural and cultural change were necessary to survive. However, he was way off track in the application.

Seeking to force innovation to the forefront and drive new brands to the global market rapidly, Jager, a mere nine months into the job, announced he was eliminating 13 percent of the work force. He then disregarded business managers responsible for current products and transferred their responsibilities to global brand managers. He simultaneously established “innovation teams” that displaced the company's best and brightest from important daily roles to the ongoing development and launching of the best new brands.

Seventeen months after they made him their man, the Procter board pressured Jager to resign in what *Business Week* called “a boardroom coup unprecedented in P&G's history.”

Quickly Off Course

As a chief executive, Jager failed by over-focusing the company's resources on generating the next big idea and introducing products that “left customers yawning,” while under-investing in the development and marketing of established brands. While there were glaring, fiscally tangible reasons for Jager's short and unsuccessful tenure — he missed earnings projections twice in six months, and the company's price per share declined 52 percent — his ultimate derailers were less tangible failures of character.

Change can be orchestrated respectfully and incrementally, but it was not Jager's way. He went about the change forcefully and immediately, and his actions showed a gross disregard for P&G's existing culture. But more than that, his approach displayed a disregard for the lives his demands were affecting.

Jager clearly displayed all of the four categories of derailers. Throughout his tenure, he maintained an intense — even feared — degree of arrogance. He openly despised the old mores of the company, making it clear that he found P&G's culture to be intolerable and wholly to blame for the company's problems. Jager also cultivated a ruthless image in an attempt to convey his hard-charging commitment toward turning the company around. The inauthentic veneer intimidated employees and implanted an intended sense of insecurity about their place in the company.

Jager's derailment teaches us a further lesson: Neither speed nor good business sense are substitutes for good leadership.

Profile: Steven Heyer

When it came time for its founding CEO, Barry Sternlicht, to transition from the day-to-day, Starwood Hotels & Resorts Worldwide sought a leader with the marketing prowess to keep its brands, including the prestigious W, Westin and St. Regis hotels, on the upswing. It was a young, entrepreneurial company that needed an innovative leader with both business and branding experience. Steven Heyer, president and COO of Coca-Cola, appeared to be the perfect fit.

Nicknamed “The Tank” in college for his relentless ways, Heyer embedded a reputation as a prolific mass marketer. He rolled into Starwood ready to showcase yet another compelling executive campaign.

Unfortunately, the master marketer made a very basic marketing blunder: He failed to keep up appearances — namely his own.

As was his protocol, Heyer went right to polishing the branding side of the Starwood business. While Heyer was turning the company's brands to gold, he was losing touch with the people he was leading. It was the beginning of an internal branding issue and Heyer was the problem product.

A Bad Campaign

Leaders make mistakes. While they are held to a higher standard, they still have lapses in judgment. Certain mistakes, handled tactfully, willfully and humbly, are often forgivable to the point where the position of leadership is salvageable. The same mistakes avoided and

handled irresponsibly — or worse, flippantly and arrogantly — often say a lot more about a leader than the mistakes ever did. This was the case with Steven Heyer.

The Starwood board had been willing to overlook Heyer's rough edges given his continued accomplishments. Yet, Heyer was flippant in his self-consumption. His lack of humility was first evident by his roguish work habits, opting to commute from his Atlanta office instead of remaining a steady presence at headquarters in White Plains, N.Y. However the real straw that broke the camel's back was Heyer's handling of the accusations of his inappropriate activity with female employees.

Heyer claimed he had done nothing wrong regarding the allegations — then ran. Given his flawless handling of every brand he had ever touched, this was a shockingly elementary marketing mistake. To the majority of onlookers it communicated only one thing: "I did it but owe no explanation."

Heyer's derailment ensued because he never committed himself to the role of a leader within Starwood. He grew the company, boosted the stock and polished its brands, but he remained dangerously detached. He was a steam engine attempting to pull the rest of the train without being attached to it. While Heyer knew the company brands, he never knew the company — and the company never knew him. His detachment only exasperated the allegations of his inappropriate behavior.

The people had no personal history with which to counterbalance Heyer's actions. Perhaps for many employees, the accusations were their first interaction with Heyer's personal image outside his marketing handiwork. In the end, it seemed the marketing master could enhance the appearance of everything but himself.

Profile: Frank Raines

In the late 1990s, middle-class homeownership looked to be peaking after nearly a decade-long run of good fortune for any company in the mortgage business, especially for the government-chartered and sponsored Fannie Mae. Under chief executive James A. Johnson, the value of its assets had tripled and its share price had risen sevenfold.

When Johnson left his office for the last time in December 1998, Fannie Mae faced the challenge of sustaining its run on double-digit growth and its reputation as the "dominant force in the mortgage industry." To do so, it would need to rely on creative, non-traditional efforts to expand the housing market through "groups — black and Hispanic families, immigrants and single people — that traditionally have been far less likely to buy houses."

Developing Courage

Here are some suggestions for how you can develop this key workplace skill:

1. Keep a journal about your experiences at work. Who do you admire? What do they do that strikes you as courageous?
2. When you have to deliver tough news, being courageous is critical. Also, be savvy. Think about the timing and shape the message for the recipient.
3. When you take a stand make sure you have your facts right. The facts often help separate the courageous from the foolhardy.
4. Managers hate it when they have to do our thinking for us. Be sure to have several possible remedies for a problem, along with a recommended solution.

Fannie Mae needed a leader who not only understood all sides of the government-backed mortgage business but also understood the people who would become their most important customers. Franklin Delano Raines seemed perfectly suited. Raines leveraged the work ethic and financial wisdom passed down from his parents into a noteworthy career. After graduating from Harvard College, Harvard Law School and Magdalen College at Oxford as a Rhodes Scholar, he quickly gained a reputation for tight accounting, results-driven leadership and shrewd diplomacy, simultaneously climbing the political, legal and corporate ladders and working with the Nixon, Carter and Clinton administrations.

Newton's Law: What Goes Up ...

With Raines conducting, Fannie Mae not only sustained double-digit income growth but vastly expanded its reach with new technology and products. The biggest — and costliest — of Fannie's expansions was Raines's commitment to invest \$2 trillion in mortgage programs that would make homeownership and rental housing more affordable for 18 million more families. The program included sub-prime mortgages. This greater opportunity of homeownership, Raines believed, was Fannie Mae's mission personified. He was hailed a hero by many.

Fannie Mae was constantly under attack from mortgage industry rivals who insisted the company maintained an unfair advantage with its government ties and under-regulated procedures. Raines rose to each challenge with the nimble diplomacy for which he was known. There was one attack, however, for which Raines was neither prepared nor deft enough to defeat.

Summary: DERAILED

From 1999 to 2002, Fannie Mae accountant Roger Barnes sent repeated correspondence to a “wider range of Fannie Mae managers and executives,” including Frank Raines and Fannie Mae Chief Financial Officer Timothy Howard, urging them to look into accounting irregularities he had discovered.

It is said that adverse circumstances do not make or break you; they reveal you. It is a fitting maxim given Raines’s telling response to the confirmation of illegal accounting. His unwillingness to accept responsibility revealed his three primary derailleurs: 1) a lack of authenticity, 2) a lack of humility and 3) a lack of courage.

The discrepancy between the legal conclusions and Raines’s vague posturing sends the wrong message: The leader is larger than both the company and the bodies that govern the company’s practices. Whether Raines understood it as such is debatable. Perhaps he was not entirely aware of the illegal nature of the practices he was allowing. Perhaps he believed certain accounting measures were relative to circumstances.

Still one thing cannot be debated: Raines had and still has every opportunity to admit, in the very least, to poor judgment, lax standards or subjective governance. He has admitted none.

Profile: Dick Fuld

Dick Fuld was as insider as they come. He was equally as intense. His long and successful career at Lehman Brothers began in 1969 after his dream to become an air force pilot “came to an abrupt halt when he got into a fist fight with a commanding officer.” In Fuld’s defense, he was said to have been protecting a younger cadet who was being mistreated.

This heart of the underdog gave rise to the man who seemed unbreakable — tough-talking his way upward over a 39-year history with Lehman Brothers. Fuld was famously aggressive, uncomfortably intense and unquestionably smart. His aura could fill a room — giving second chair to his equally impressive but less-mentioned education, military service and numerous service positions on non-profit and professional boards.

Strength Is Weakness Well-Harnessed

Under Fuld’s stewardship, Lehman soared. By 2006, *Institutional Investor* magazine had named him America’s top chief executive. By the end of 2007, he was at the pinnacle of the financial world, having turned a \$102 million loss in 1993 into a \$4.2 billion profit in 2007. In March 2008, Fuld was named to *Barron’s* list of the world’s 30 best CEOs and dubbed “Mr. Wall Street.”

The financial world would believe him, until the credit crisis came — perhaps the only force tougher than the Wall Street brawler. Markets were crashing; investors were pulling funds; and the American public was pocketing their pennies and losing their homes, their jobs and their confidence. For the first time, Fuld was facing a fight bigger than Wall Street. It was then he made the classic competitive error: He grossly underestimated his opponent and overestimated his strength.

Weakness Is Strength Unharnessed

In June 2008, Lehman Brothers posted a second-quarter loss of \$2.8 billion, its first loss since going public in 1994. The blow was crushing to the organization and to Fuld — the man whose track record had, for more than a decade, continued to overshadow itself year after year.

Fuld had been struck with a solid left hook. As he had always done before, he shook it off and fought harder. Unfortunately, Lehman had been cut bad, and forceful Fuld could not stop the bleeding. In September 2008, Lehman reported yet another loss — this time of \$3.9 billion. Days later, the firm filed for bankruptcy protection and eventually bankruptcy itself — the largest in history.

While it’s easy to respect the strength of a man like Fuld, one has to also take into account that such strength is a weakness when it cannot be harnessed. Ultimately, it was Fuld’s intensity-turned-stubborn-arrogance that did him in. His derailment resulted from two things: He refused to quit fighting and he failed to size up his opponent. ●

Derailment in Slow Motion

Certainly each of these leaders’ downfalls involves a complex set of reasons. We see the headlines, watch the news coverage and read the voyeuristic details of their demise. The smoldering piles of wreckage mark ruined companies, ruined careers and ruined reputations. It looks as if the crash took place in one cataclysmic instant — one wrong turn and then the screeching sound of twisting metal — a massive derailment. It is not the whole story.

Derailment occurs over time — and it occurs in a predictable progression — a process that those who derail seem to follow. Derailed leaders progress through five stages as they head toward their demise. Perhaps there’s hope for us to learn about these escalating stages of derailment and stay on track.

Stage I: A Failure of Self-/Other-Awareness

Derailed leaders seem to manifest a lack of self-awareness. Self-awareness is a prerequisite for managing ourselves well. Derailed leaders also seem to lack awareness of and concern for others. This type of insight informs us as to the needs, desires, hopes and moods of others that we might respond appropriately. It involves empathy, consideration and general attentiveness to the interests of others. Derailed leaders seem oblivious to the impact of their behavior on others.

Stage II: Hubris — Pride Before the Fall

Hubris — extreme arrogance — manifests itself in the leader who believes he or she is the epicenter of an organization's success. Despite Home Depot's storied entrepreneurial, fraternal culture, Nardelli presumed his controlling methodology was better. Instead of using the positive momentum with Home Depot's culture, he cut loose from the culture entirely and bled the orange-blooded faithful to death. No matter how bright and capable a leader might be, the work of the organization must be accomplished by trusted colleagues.

Stage III: Missed Early Warning Signals

The early warning signals of derailment were there for all six leaders but went unheeded. People were yelling and waving their hands, but these engineers paid no attention. In their arrogance, they missed the signals. Fuld was born a winner, yet he was so focused on winning the financial prize that he failed to see the chasm into which he was guiding Lehman. He had tunnel vision. These otherwise talented leaders did not see the warning signals represented by subtle but persistent feedback about their own inner states, others' diminishing confidence in them or the wrong direction in which they were leading the company. Early warning signals should have jarred their attention to avoid the danger ahead. Instead, our profiled leaders barreled ahead toward the inevitable crash.

Stage IV: Rationalizing

When it becomes apparent to a leader that he or she is losing the confidence of colleagues or a board, his or her defenses are heightened. A siege mentality takes over, and the leader begins to rationalize his or her actions, further insulating him- or herself from the very information that could either fend off disaster or greatly limit the damage.

Stage V: Derailment

The emissary comes to the leader's office and says, "I'm sorry ... it's over. We all had high hopes for you

here, but we need to help you leave in a way that preserves the company and maintains your dignity." An irony of Stage V is that despite the board's actions to preserve their CEO's dignity, our six profiled leaders undid this preservation of dignity with their own actions. ●

Staying on the Rails

A failure of authenticity frequently contributes to derailment. It is not a blatant attempt to deceive, but at the heart of the problem is a failure to let others see who we really are. Not engaging with others in a meaningful way is always a tip off.

Lack of engagement was one of Heyer's most significant problems. He never really unpacked his emotional bags at Starwood. He didn't spend enough time at the headquarters engaging with the people who did the work of the organization. Individuals don't trust someone when they are not sure if the person is authentic and truly committed to the well-being of the organization and its employees.

The Real Deal

When we see people who actually are who they "appear" to be, we call them authentic. There's an alignment between the inner person and the outer person ... between their beliefs, values and behavior. "Authenticity" most often refers to things, like documents or paintings, implying that these objects are genuine, not counterfeit. Our trust in and value of an object ties directly to its authenticity or genuineness.

We use this same word to describe people. We trust someone who is authentic and distrust someone who has a lack of genuineness. Actually the Greek origin of authenticity means "acting on one's own authority — entitled to acceptance as factual." Effective individuals frequently venture "self-authored" ideas, which reflect a person's true beliefs and convictions. We may disagree with their idea, but our respect and trust of the person rises when we feel we're dealing with someone who is real, open, direct, trustworthy and genuine.

Get a Hold of Yourself!

Self-management may be best defined as skill, insight, sensitivity, impulse control, optimism and persistence applied in the particular environment in which we work and live. Effective self-management is heavily dependent upon good self- and other-awareness. A lack of self- and other-awareness is a common denominator among those who derail. The ability to manage ourselves and to manage our relationships is heavily dependent upon our per-

Summary: DERAILED

ceptiveness of what's going on within us and with others.

Self-aware individuals pay attention to their emotions without being ruled by them. They observe the responses of others and are able to adjust their behavior to make their interaction more effective. They understand how to build on their strengths and observe their limits. They use feedback as a corrective mechanism.

Self-aware leaders often reflect on how they are doing and are more inclined to work in harmony with their values and priorities. Decisions are more thoughtful and well-intentioned. Their direction is clear and founded on clear rationale. They draw this direction from the deep well of personal reflection. Those who derail tend to be unreflective, imperceptive, undisciplined and impulsive.

The Star of Your Own Show

In the research of the highly placed leaders, it became very apparent that arrogance was a key contributor to their derailments. If humility is having an accurate self-image and being other-oriented, then arrogance is its mirror opposite. Each executive profiled manifested this debilitating quality.

Arrogance is presumptuousness, overbearing pride and an unwarranted, exalted sense of self-importance. Lest we think that arrogance is a foible only in profit-driven business settings, it has nothing to do with the level at which we work in an organization or the nature of the work we do.

One of the most revealing tests of a person's character is power. We see in the profiles of derailment that power, in many cases, became self-serving. The “trappings” of power often tell a lot about character. Nardelli created a nine-car personal parking area for his cars underneath Home Depot's corporate office. His private elevator went from his personal parking area straight to his private office on the top floor of the building — no stopping for the little people.

The Courage of Our Convictions

Courage emanates from our resolute beliefs and core convictions. It follows that when we are not grounded at some foundational level in our beliefs and convictions, we will not be courageous. Absent any real beliefs and convictions, and the courage that rests on them, we become tentative or worse, expedient. We then want to just get along and line up with the prevailing opinion.

A courageous act only occurs when we are convinced that something is true and truly important, rather than simply a preference. Courage never exists in a vacuum. It results from our internalized beliefs and convictions about how our lives should best be directed toward

some noble end. The absence of courage in our jobs can manifest itself in behaviors serious enough to derail us. It makes us tentative. Tentativeness makes us conflict-avoidant, over-controlling and cautious. We experience an excessive need for approval. The cure is to develop the courage of our convictions. ●

Five Critical Lessons Learned

Here are five critical lessons learned from the examples of derailed leaders and others who have discovered the crucial principles for staying on track:

Lesson One: Character trumps competence. Character as expressed in authenticity, wisdom, humility and courage must ultimately form the substance of who we are if we want to have great impact.

Lesson Two: Arrogance is the mother of all derailers. It is commonly at the root of a leader's undoing. Aloofness, being critical, self-promotion and not listening to others all tie to arrogance.

Lesson Three: Lack of self-/other- awareness is a common denominator of all derailers.

Lesson Four: We are always who we are ... especially under stress. If we will always be who we are, it pays to consider deeply who we want to become and to make choices consistent with that intention.

Lesson Five: Derailment is not inevitable, but without attention to development, it is probable.

In moments of gut-wrenching candor, many self-aware leaders acknowledge a dark side to their character. Leaders who have great strengths also possess significant weaknesses, which cannot be ignored. Sadly, we, too, have the innate capacity for narcissism, arrogance or disregard of other's opinions and interests in favor of our own. Perceptive executives control these impulses and choose to manage their darker sides' intrusion on decisions and relationships. Those who are more likely to stay out of trouble, constantly remind themselves of their own vulnerability. ●

RECOMMENDED READING LIST

If you liked *Derailed*, you'll also like:

1. **The Five Dysfunctions of a Team** by Patrick Lencioni. Lencioni's business fable can help executives get the most out of their teams.
2. **How Did That Happen?** by Roger Connors and Tom Smith. When a project fails to come to fruition, managers waste valuable time in an effort to find out what went wrong. This book gives you a solid accountability practice.
3. **The Seven Hidden Reasons Employees Leave** by Leigh Branham. Branham tells you what organizations need to recognize and actively pursue in order to retain their best and brightest talent.