



MANAGEMENT DERAILMENT

PERSONALITY ASSESSMENT AND MITIGATION

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The vast body of research on the closely related topics of management and leadership accumulated over the past 100 years leads to two very different conclusions. On the one hand, many people believe that the effort has largely been wasted. For example, Hamel (2008) argues that the modern study of management is stagnant and out of date, and Khurana (2008) argues that attempts to create a science of management have failed. In an effort to provide guidance to practitioners, Kramer (2008, p. 26) reviews the leadership literature and concludes that it is "...a strange mixture of alchemy, romantic idealism, and reason", and concludes that the lack of consistent, actionable findings prompts some business people "...to wash their hands of the whole subject, talent shortage or no talent shortage."

Other reviewers believe that there are recognized principles of management that can be used to enhance organizational performance (cf. Fayol, 1949). For instance, Bloom and Van Reenen (2007), two economists, studied the performance of 732 manufacturing firms in the United States, Great Britain, France, and Germany and found that the firm's financial performance was a function of the degree to which they followed "well-established management practices" in the areas of operations, performance management, and talent management. The more profitable companies enhanced operations through continuous improvement, setting clear performance goals, monitoring and reviewing performance, and aligning incentives with performance. Bloom and Van Reenen replicated these findings using an additional 3,268 firms, including a large sample from Asia. Four of their conclusions are worth noting. First, there are, in fact, some well established principles of management. Second, companies that use these principles are more profitable than those that do not. Third, senior leadership determines the degree to

which effective management practices are used. And finally, the best run companies are multi-nationals; the worst run companies are government agencies, non-profit organizations, and companies managed by second generation family members.

The economic literature clearly shows that: (a) good management will enhance organizational performance; and (b) some managers are better than others. However, Kramer (2008) and other critics are also right—there is little consensus in the psychological literature regarding the characteristics of good managers (cf. Hogan, 2007, pp. 106-109). In contrast, however, the psychological research on bad managers does converge. Across studies with different methodologies and in different organizations and national cultures, and across organizational level, the data show that failed managers have bad judgment, can't build teams, have troubled relationships, and can't manage themselves or learn from their mistakes. This research is important for both economic and moral reasons.

When managers fail, it costs time and resources to recruit, select, and train new ones. Also, there are hidden costs associated with "golden parachutes", lost intellectual and social capital, missed business objectives, and destroyed employee morale. Lombardo reports that two *Fortune* 500 organizations asked the Center for Creative Leadership in 1985 for advice on preventing leadership failure (cf. Lombardo, Ruderman, & McCauley, 1988, p. 201). These organizations estimated the cost of a failed executive was \$500,000. Adjusted for inflation, that figure is about one million dollars in 2008. Similarly, a poll of senior human resource executives estimated the cost of derailment to be between \$750,000 and \$1,500,000 per senior manager (DeVries & Kaiser, 2003). Another study estimated the cost of a failed executive to be as high as \$2.7 million

(Smart, 1999). These costs will only grow as the talent pool shrinks (Michaels, Handfield-Jones, & Axelrod, 2001).

Managerial incompetence also has serious moral implications because bad managers cause great misery for their subordinates (Hogan & Kaiser, 2005). The National Institute for Occupational Safety and Health (NIOSH), a division of the Centers for Disease Control (itself a division of the National Institutes of Health), published a report in 1999 containing some alarming data (NIOSH, 1999). For example, 40% of American workers report that their jobs are very or extremely stressful, and NIOSH concludes that problems at work are more strongly associated with health complaints than any other life stressor, including finances and family problems. Next, consider that organizational climate surveys routinely show that about 75 percent of working adults report that the most stressful aspect of their job is their immediate boss (Hogan, 2007, p. 106).

Academic research replicates these findings. Ashforth (1994), Tepper (2000), and Skogstad, Einarsen, Torsheim, Aasland, and Hetland (2007) trace the empirical links between bad managers and employee stress—Kelloway, Sivanathan, Francis, and Barling (2005) provide a fine review of this literature. Bad managers are a major health hazard; they impose enormous medical costs on society, and degrade the quality of life of many people.

In the 1980s, the conventional wisdom held that the base rate of managerial incompetence was less than 10%. More recent research indicates that this figure was a serious underestimate. In an internet survey of 245 employed adults, Curphy asked: (a) how many bosses have you worked for? and (b) how many of those bosses would you be willing to work for again? Respondents reported being willing to work for only 38% of

their former bosses (Curphy, 2008). These results parallel those reported by Shipper and Wilson (1992) using actual organizational data (e.g., Shipper & Wilson, 1992). Table 1 contains twelve published estimates of the base rate of managerial failure which range from 30 to 67 percent, with an average of about 50 percent. Based on the data, we suggest that two thirds of existing managers are insufferable and that half will eventually fail.

CAUSES OF INCOMPETENCE

The study of managerial incompetence is a relatively recent development, but it has produced a coherent literature.

Where it Started

Bentz (1967, 1985a, 1985b, 1990) pioneered this research. In a 30-year study of failed managers in the retail industry, Bentz (1985a) noted that they were uniformly bright and socially skilled; they failed because they: (a) lacked business skills, (b) were unable to deal with complexity, (c) were reactive and tactical, (d) were unable to delegate, (e) were unable to build a team, (f) were unable to maintain relationships with a network of contacts; (g) let emotions cloud their judgment, (h) were slow to learn, and (i) were seen as having an “overriding personality defect.”

The Center for Creative Leadership's Research

Inspired by Bentz' findings, McCall and Lombardo (1983) replicated and extended them by interviewing 20 senior executives from three corporations. Each executive gave two interviews, one about a "successful" executive and one about a "derailed" executive, all of whom were male. They defined derailed executives as “...people who were very successful in their careers (spanning 20-30 years and reaching

very high levels) but who, in the eyes of the organization, did not live up to their full potential...One thing they had in common, however, was that their halted progression was not voluntary” (McCall & Lombardo, 1983, pp. 1-2). The successful and the derailed executives were all bright, were identified early, had outstanding records of achievement, had few faults, were ambitious and willing to sacrifice. The groups differed in that the successful executives had more diverse accomplishments, handled stress with composure and mistakes gracefully, focused on getting people to help solve problems, and could get along with a wide range of people. In contrast, the derailed executives failed for ten reasons:

1. Specific business problems
2. Insensitivity (abrasive, intimidating, bully)
3. Cold, aloof, arrogant
4. Betrayed trust
5. Overmanaging—failed to delegate
6. Overly ambitious
7. Failed to staff effectively
8. Unable to think strategically
9. Unable to adapt to a boss with a different style
10. Overly dependent on an advocate or mentor

McCall and Lombardo (1983, p. 6) pointed out that the "most frequent cause for derailment was insensitivity to others. Under stress, the derailed managers became abrasive and intimidating." Indeed, every derailed managers in this sample had relationship problems (reported in Morrison, White, & Van Velsor, 1987).

Morrison, White, and Van Velsor (1987) compared derailed and successful women executives using McCall and Lombardo's (1983) methodology. The results closely paralleled the earlier findings with men. The problems, in order of most frequently mentioned, were: (a) Unable to adapt to a new boss, (b) Performance problems, (c) Too ambitious, (d) Can't manage subordinates, (e) Poor relationships, (f) Not strategic, and (g) Having a poor image. Only the last theme was unique to women. Interestingly, relationship problems were far less common for women. This study suggests that although there may be some differences, the dynamics of derailment are similar for male and female managers.

Lombardo, Ruderman, and McCauley (1988) noted that early research defined failure as a lack of success (see, for example, Boyatzis, 1982; Bray & Howard, 1983; Dunnette, 1967; Thornton & Byham, 1982). They proposed that failure is less about lacking "the right stuff" and more about having "the wrong stuff"—dysfunctional characteristics associated with failure. They also proposed focusing on failure at the middle to executive level, not on the "weeding out process that occurs at the lower levels" (p. 200). Lombardo et al. (1988) reviewed four small but well done qualitative studies which all concluded that derailment results from personality defects, troubled relationships, inability to build a team, and failures of leadership. Note the personality and relationship themes in these derailment factors. Lombardo et al. then obtained ratings on positive, "right stuff" factors using a standardized inventory for 169 upper-level managers, 83 of whom derailed. The results indicated that the differences between successful and derailed managers concerned problems with influencing and developing subordinates, handling business complexity, making good staffing decisions,

interpersonal sensitivity and tact, organizational savvy, achievement orientation, honor and integrity, and composure.

In an extension of the prior study, McCauley & Lombardo (1990) created a survey to measure the "wrong stuff" directly using six scales focused on behaviors associated with failure. These include: (a) Problems with interpersonal relationships (b) Difficulty in molding a staff; (c) Difficulty in making strategic transitions; (d) Lack of follow-through; (e) Over-dependence; and (f) Strategic differences with management. McCauley and Lombardo found that these scales predicted independent assessments of likelihood of turnover two years later. "Difficulty making a transition" was the strongest predictor of derailment.

Van Velsor and Leslie (1995) replicated the earlier research in an effort to determine whether the findings generalized across national culture. The behaviors associated with derailment mirrored the earlier studies, including the emphasis on troubled relationships as the most common factor. Moreover, the causes of derailment were very similar in the United States and Belgium, France, Germany, Italy, Spain, and the United Kingdom. Thus, derailment research generalizes across time, organizations, and cultures. Another implication of this study is that the stress associated with organizational complexity, uncertainty, and downsizing increases the relationship problems associated with derailment.

Eichinger and Lombardo (2003) conducted a quantitative study of why managers are fired. Based on ratings for over 1,000 managers studied during a 2-year period, they report that managers fail for the following reasons: poor administrative skills, difficulty making tough choices, lack of strategic thinking, failure to build a team, lack of

interpersonal savvy, poor political skills, an inability to deal with conflict, questionable integrity, and low self-awareness. Again, note the prevalence of interpersonal themes. The authors also reported that derailed managers typically rate themselves higher than their coworkers rate them.

In summary, the derailment research is based on a variety of methods and yields consistent findings across time, organizations, organizational levels, national culture, and even gender. The reasons managers fail all concern poor business performance, poor leadership, poor self-control, and especially, relationship problems. Moreover, the failure often occurs following major change and periods of increased stress.

Other Perspectives

The popular business literature contains many examples of failed CEOs. Dixon's (1976) book, *On the Psychology of Military Incompetence*, provides heartbreaking accounts of military disasters caused by incompetent leadership. Finkelstein's (2003) review of modern business failures contains stories less tragic than Dixon's accounts, but reveals many of the same themes. Finkelstein summarizes his findings in terms of "the seven habits of spectacularly unsuccessful people" (p. 238):

- (1) They overestimate their strength and underestimate the strength of the competition.
- (2) They put personal interests ahead of company interests.
- (3) They are arrogant and make reckless decisions.
- (4) They eliminate anyone who might challenge their decisions.
- (5) They ignore operations while trying to manage their company's image.
- (6) They minimize difficult obstacles and don't plan accordingly.

(7) They rely on outdated strategies and tactics.

Pundits often attribute business failure to flawed strategy but the real problem is usually poor execution (Bossidy & Charan, 2002; Charan & Colvin, 1999). Charan defines poor execution as “not getting things done, being indecisive, not delivering on commitments.” Bossidy and Charan (2002) list four causes of poor execution. The first is the result of the CEO (and relevant managers) not understanding their business and the capabilities of their staff. The second is the result of not using sound management practices: setting clear goals; following up; rewarding good performance; and growing talent. The third cause is a culture that doesn’t value execution. Finally, execution depends on putting the right people in the right jobs. Ultimately, then, poor execution results from a CEO’s failure to fix “people problems” in a timely way. Charan lists several reasons CEOs typically give for not dealing with people problems. Berglas (in press) notes that the CEO's use these reasons justify their bad staffing decisions and their inability to correct those bad decisions.

Dotlich and Cairo (2003) list ten characteristics associated with CEO failure: (a) arrogance; (b) melodrama; (c) excessive caution; (d) habitual distrust; (e) aloofness; (f) mischievousness; (g) eccentricity; (h) passive resistance; (i) perfectionism; and (j) eagerness to please. They further suggest that everyone has some of these tendencies, that CEOs are more vulnerable to them because of the pressure at the top of the pyramid, and that self-awareness can mitigate the influence of these tendencies on organizational effectiveness.

Rasch, Shen, Davies, and Bono (2008) offer a taxonomy of ineffective leadership behavior based on a large number of critical incidents. The study is notable for its

methodological rigor and its use of subordinate descriptions of destructive leadership behavior. Their taxonomy is consistent with prior research and includes nine empirically derived factors: Avoiding conflict and people problems; Poor emotional control; Overcontrolling, Poor task performance; Poor planning, organization, and/or communication; Rumor-mongering and inappropriate use of information; Procrastination; Failure to consider human needs, and Failure to manage and nurture talent. Three of their empirical findings warrant special attention. First, they found no sex differences in the frequency of these behaviors. Second, the category of bad behavior that had the most toxic impact on staff morale was, “Failure to consider human needs”. Finally, the frequency of this particular behavior increased with organizational status; the more senior the manager, the more abusive.

Summary

We have now come full circle. Every competent study of managerial failure points to “overriding personality defects” (Bentz, 1985a) as a key issue. The reason these defects matter lies in the definition of leadership—which is the ability to build and maintain a team that can outperform the competition (Hogan, 2007, pp. 34-35). The defects disrupt the interpersonal relationships needed to build a team.

DECONSTRUCTING BENTZ’S INSIGHT:

DEFINING FLAWED INTERPERSONAL PERFORMANCE

In the early 1980s, a consensus emerged regarding the structure of normal personality. Following Goldberg (1981), this consensus is described as the Five Factor Model (FFM) or the Big-Five. These factors reflect the structure of observer ratings and are defined as follows: Factor I, Surgency; Factor II, Agreeableness; Factor III,

Conscientiousness; Factor IV, Emotional Stability; and Factor V, Intellect-Openness to Experience (John, 1990). The FFM is a useful way to organize research on personality and leadership (Judge, Bono, Ilies, & Gerhardt, 2002). The FFM themes are all positive, they characterize people when they are at their best, and they define the “bright side” of personality (Hogan, Curphy, & Hogan, 1994). Personality flaws, as first identified by Bentz, characterize people when they are stressed or careless; they are referred to as the “dark side” of personality (Hogan & Hogan, 2001; Hogan, Raskin, & Fazzini, 1990). Both sets of characteristics are in the realm of normal personality; the dark side characteristics are undesirable in managers but do not meet clinical criteria for personality disorders.

Benson and Campbell (2007) attribute the “bright side versus dark side” distinction to Hogan, Curphy, and Hogan (1994). Dysfunctional behaviors associated with the dark side include emotional outbursts, bullying, intimidation, and excessive deference to authority (Furnham & Taylor, 2004). Persistently engaging in these behaviors will undermine a leader’s ability to build and maintain a high functioning team. Everyone has a bright side and a dark side; most aspiring managers have attractive bright sides that effectively mask their dark sides.

The Nature of Dysfunctional Dispositions

Dysfunctional dispositions or the “dark side” of personality (cf. Conger, 1990) erode the effectiveness of managers and executives over time (Hogan, 2007; Hogan & Hogan, 2001). There are individual differences in the degree to which these tendencies emerge in any given situation—some people are more prone to such behavior than others. Moreover, status in organizations allows people more discretion in their actions; the more

discretion, the more likely that the dark side will emerge (Kaiser & Hogan, 2007).

Where do dysfunctional dispositions come from? Over 100 years ago, Sigmund Freud argued that everyone (who has not been psychoanalyzed) is somewhat “neurotic,” i.e., plagued by fear, guilt, and anxiety caused by unconscious conflicts based on a child’s relations with its parents in the first five years of life. Later theorists (Alfred Adler, Karen Horney, Harry Stack Sullivan, and others) argued that people’s problems reflect flawed interpersonal strategies, and that people can be best understood in terms of their expectations about how others will treat them, rather than in terms of unconscious conflicts.

Freud’s claim that everyone is neurotic is empirically false. However, the claim that early experience (in the family, school, and peer group) leaves almost everyone feeling inadequate about something is probably true. Thus, most people expect to feel insecure in certain situations, and they develop strategies for coping with these expectations.

We encode our theories about other people in terms of “schemas” which then allow us to navigate the social environment (Fong & Markus, 1982; Kihlstrom & Klein, 1994; Markus, 1977; Sedikides, 1993; Young, Klosko, & Weishaar, 2003). Schemas function automatically and outside conscious awareness; they serve as “filters” that cause us to interpret information in ways that fit schema-relevant expectations (Baldwin, 1992); thus, schemas tend to be self-perpetuating. For example, people who were frequently criticized in childhood may develop schemas about how criticism is inevitable in social interaction, and then interpret even innocuous feedback as criticism. To avoid being criticized, they may become perfectionistic and overly accommodating.

Dysfunctional dispositions reflect the effects of maladaptive schemas. At least three contingencies potentiate these schemas. First, the probability of dysfunctional behavior reflects the strength of the relevant underlying schema. Second, certain situational variables will elicit dysfunctional behavior—e.g., fatigue, illness, stress, boredom, or lack of social vigilance. Moreover, dysfunctional behavior is more likely to appear in weak or ambiguous situations (Green & Sedikides, 2001; Koch, 2002), when leaders have too much discretion (Kaiser & Hogan, 2007), or in situations that resemble those that produced the schema in the first place. Finally, organizational culture can potentiate dysfunctional behavior (Balthazard, Cooke, & Potter, 2006; VanFleet & Griffin, 2006). Thus, personality, situational, and organizational influences interact to influence the appearance of dysfunctional behaviors (cf. Tett & Burnett, 2003; Tett & Guterman, 2000).

TAXONOMIES OF DERAILING CHARACTERISTICS

We find it convenient to distinguish derailing behaviors from their underlying interpersonal schemas—to distinguish what people do from why they do it. This parallels the distinction in philosophy of science between prediction and explanation. We can use the behaviors to predict future behaviors, and we can use the schemas to explain the behaviors. This distinction also runs through the empirical literature. For example, research based on observer ratings and 360 performance evaluation data typically concerns behavior, whereas research in the personality tradition concerns syndromes—clusters of behavior organized by schemas (e.g., Horney, 1950).

Behaviors Related to Derailment

Starting with Bentz (1985a), several studies reviewed above (Lombardo &

Eichinger, 2006; McCall & Lombardo, 1983; McCauley & Lombardo, 1990; Morrison, White, & Van Velsor, 1987; Rasch, Shen, Davies, & Bono, 2008) provide empirically derived lists of behaviors associated with bad management. These data can be used to develop a taxonomy of derailment behavior. Hogan and Warrenfeltz (2003) offer a “domain model” as a way to organize competency models—which define clusters of behaviors important for careers. Specifically, they propose that all existing competency models can be organized in terms of four broad categories of behavior as follows:

1. Intrapersonal skills: self-awareness and self-control, emotional maturity, integrity
2. Interpersonal skills: social skill, empathy, and relationship development
3. Leadership skills: ability to influence, build and maintain a team, role modeling
4. Business skills: ability to plan, organize, monitor, and use resources

According to Hogan and Warrenfeltz (2003), this ordering reflects a developmental hierarchy beginning with intrapersonal skills and ending with business skills. Further, skills in each successive category build on those needed in the previous one: for example, maintaining solid relationships with others depends on self-control, effective leadership depends on interpersonal skills, and so on. Table 2 provides a taxonomy of derailment behaviors using this domain model to organize the data.

Three points about Table 2 are worth noting. First, all of the derailment factors can be classified in terms of the domain model. Second, the number of behaviors in each skill domain does not necessarily reflect its importance for derailment. For example, relationship problems are the most common symptom of derailment, but there are fewer entries in the interpersonal skill domain than in the Business skill domain. Third, most analyses of derailment focus on the proximate causes and ignore the more distal causes.

This is especially so in the business press. For instance, Charan and Colvin (1999) argue that the major reason CEOs fail is their unwillingness to remove ineffective managers, which is a problem in the business skill domain. However, a deeper analysis suggests that the real problem is in the intrapersonal arena—CEOs lack the courage to admit that they made a bad staffing decision (Berglas, in press).

Consider the following example. In late 2008, a real estate market crash cost several financial institutions billions of dollars. Merrill Lynch CEO Stanley O'Neal wrote down \$7.9 billion in losses for the third quarter alone. The *New York Times* noted that "The loss raised questions about Mr. O'Neal's leadership and most crucially the ability of his top executives to manage the risky assets on the firm's balance sheet" ("Merrill's Chief," October 25, 2007). A week later, he was fired. However, a closer analysis reveals that O'Neal's cold, aloof, and vengeful style had strained relationships with several members of the Board (Hogan & Kaiser, 2008). The financial losses gave the Board a reason to fire him.

Derailment can almost always be traced to relationship problems. When relationships are strong, people will forgive mistakes. But when relationships erode, tolerance disappears and mistakes will get a manager fired.

Dark Side Personality Factors

We used the work of Karen Horney to organize the literature on the personality characteristics associated with derailment. Horney (1950) identified several specific "neurotic needs" that provide an early taxonomy of flawed interpersonal tendencies. She later summarized these needs in terms of three general themes: (a) moving toward people—i.e., managing one's insecurities by building alliances to minimize the threat of

criticism; (b) moving away from people—i.e., managing one's insecurities by avoiding others; and (c) moving against people—i.e., managing one's self-doubts by dominating and intimidating others.

There are four published typologies of the dark side of personality (cf. Dotlich & Cairo, 2003; Hogan & Hogan, 2001; Moscosco & Salgado, 2004; Schmit, Kilm, & Robie, 2000). Table 3 shows that they all fit nicely inside Horney's categories of Moving Away, Moving Against, and Moving Toward other people. We now describe these themes in a more detail.

Moving Away from People (Intimidation)

1. *Excitable*. High Excitable people expect to be disappointed in relationships—as a result, they are alert for signs that others may treat them badly. When they think they have been mistreated, they erupt in emotional displays that may involve yelling, throwing things, and slamming doors. From the observer's perspective, that which is most distinctive about these people is their emotional eruptions; they are the people for whom the term "Emotional Intelligence" (Goleman, 1997) was devised. Because they are so volatile and unpredictable, they have difficulty building and maintaining a team—the fundamental task of leadership

At their best, these people have a great capacity for empathy; because they know that life is not always fair, they can genuinely feel others' pain. At their worst, however, they require a lot of personal attention and reassurance, and they are very hard to please.

2. *Skeptical*. High Skeptical people expect to be betrayed, cheated, or deceived in some way. They specialize in conspiracy theories, stay alert for signs of mistreatment, and when they think they detect it, they retaliate directly. This may involve physical

violence, accusations, or litigation, actions announcing that they are prepared to defend themselves. From the observer's perspective, that which is most distinctive about these people is their suspiciousness, argumentativeness, and lack of trust in others.

At their best, they are insightful about organizational politics and the motives of their counter players, and they can be the source of good intelligence regarding the real agendas of others, and the real meaning of events. At their worst, their stubbornness, inability to compromise or trust others erodes their ability to build a team.

3. *Cautious.* High Cautious persons fear being criticized, blamed, or possibly disgraced; as a result, they are constantly on guard against making mistakes that might cause them public embarrassment. To avoid criticism, they follow rules and precedents, resist innovation, and cling to that which worked in the past. Their cautiousness extends to their staff, whom they fear will embarrass them, and whom they often discourage from taking any initiative.

At their best, they are prudent and careful about evaluating risk; they rarely make rash or ill-advised moves, and they provide sound advice about intended courses of action. At their worst, however, they avoid innovation, resist change, stall, and drag their feet, even when it is apparent that something needs to be done.

4. *Reserved.* High Reserved people seem indifferent to the expectations of others—especially their staff. As a result, they seem formal, aloof, introverted, and lacking in social insight. They prefer to work alone, and are more interested in data and things than in people. They communicate poorly, if at all, they are unrewarding to deal with, and they have trouble building or maintaining a team.

At their best, they are tough in the face of adversity; they are unfazed by criticism,

rejection, and opprobrium; they can stay focused and not be distracted by emotional upheavals, and stressful meetings. At their worst, however, they are insensitive to others needs, moods, or feelings, and can be tactless, imperceptive, and gauche.

5. *Leisurely*. High Leisurely people seem overtly pleasant and cooperative, but privately they expect to be mistreated and unappreciated. They are stubborn and independent, cynical about the talents and intentions of others—especially superiors—and insist on working at their own pace. When pressed for additional output, they tend to slow down even more. They express their resentment indirectly, in the form of procrastination and excuse making. At their best, they have good interpersonal skills; at their worst, they are peevisish and stubborn, they focus on their own agendas, and refuse to support their colleagues and subordinates. Their prickly sensitivity, subtle uncooperativeness, and stubbornness make them unrewarding to deal with.

Moving Against People (Manipulation)

6. *Arrogant*. High Arrogant people expect to be admired, praised, indulged, and obeyed. They expect to be successful in everything they do, they believe in their own legacy, and when their expectations are frustrated, they explode with "narcissistic rage". From the observer's perspective, that which is most distinctive about these people is their self-assurance which often gives them a certain social presence—they are the first to speak in a group, and they do so with great confidence, even when they are wrong.

At their best, these people are energetic, charismatic, leader like, and willing to take the initiative to get projects moving. They are fearless about taking on any task and some elevation on this characteristic is needed for success in management, sales, and entrepreneurship. At their worst, they are arrogant, demanding, self-deceived, and

pompous. Because they are so confident and aspirational, they often attract followers. But they take more credit for success than is warranted, they refuse to acknowledge failure, errors, or mistakes, they are unable to learn from experience and, ultimately, they alienate their colleagues and subordinates.

7. *Mischievous*. High Mischievous people expect other people will find them charming, clever, even irresistible—as a result, they are willing to ask for favors, exceptions, allowances, and to do so without incurring obligations. Also, they see themselves as bullet proof, they enjoy risk taking for its own sake, and they often live on the edge. From the observer’s perspective, that which is most distinctive about these people is that they are bright, witty, and engaging, which is why they are able to extract favors, promises, money, and resources from other people with relative ease. They see others as utilities to be exploited, and therefore have problems maintaining commitments, and are unconcerned about violating expectations.

At their best they are self-confident and have an air of daring that others often find attractive and even intriguing. At their worst, they are impulsive, reckless, faithless, exploitative, and manipulative. Their self-confidence and recklessness lead to many mistakes but they seem unable to learn from experience; as a result, they tend to be underachievers, relative to their talent and capabilities.

8. *Colorful*. High Colorful people expect others will find them attractive and entertaining, and the natural focus of attention. They are good at calling attention to themselves—they know how to make dramatic entrances and exits, they carry themselves with flair, wear attention grabbing clothes, and are constantly on stage. Some elevation on this characteristic is essential for a career in sales, politics, or the theater. From an

observer's perspective, what is most distinctive about these people is their stage presence—they perform well in interviews, in assessment centers, and other public settings. They are also impulsive and unpredictable; that which makes them good at sales (and selling themselves) makes them poor managers—they are unfocused, distractible, over-committed, and always in search of the spotlight.

At their best, they are bright, entertaining, flirtatious, and the life of the party. At their worst, they won't listen or plan, they self-nominate and over-commit themselves. Although they are entertaining, they are also easily distracted, impulsive, hyperactive, and unproductive.

9. Imaginative. High Imaginative people think about the world in different and often interesting ways, and they enjoy entertaining others with their unusual perceptions and insights. They are alert to new ways of seeing, thinking, and expressing themselves, and they enjoy the reactions they elicit in others with their unexpected forms of self-expression. From the observer's perspective, these people often seem bright, insightful, imaginative, playful, and innovative, but also as eccentric, odd, and flighty.

At their best, these people are imaginative, creative, and insightful about the motives of others. At their worst, they can be self-absorbed, insensitive to feedback, and indifferent to the social and political consequences of their egocentric focus on their own agendas. They communicate poorly, and as managers, they often leave people confused regarding their directions or intentions.

Moving Toward People (Ingratiation)

10. Diligent. High Diligent people expect their performance to be rigorously evaluated. As a result, they have high standards of performance for themselves and

others; they are concerned with doing a good job, being a good citizen, and pleasing authority. When they think they have not lived up to their standards, they redouble their efforts and try even harder. They are hard working, careful, and planful; they live by the rules and expect others to do so too, and become irritable when others don't follow their rules. From the observer's perspective, that which is most distinctive about these people is their conservatism, their detail orientation, their risk aversion, but also the degree to which they are steady, dependable, and predictable. They are model organizational citizens who can be relied upon to maintain standards, do their work competently and professionally, and treat their colleagues with respect.

At their best, these people are good role models who uphold the highest standards of professionalism in performance and comportment; they are typically popular with their bosses because they are so reliable. At their worst, however, they are fussy, particular, nit-picking micro-managers who deprive their subordinates of any choice or control over their work. The micro-management alienates their staff who soon refuse to take any initiative and simply wait to be told what to do and how to do it.

11. Dutiful. High Dutiful people think others expect them to behave well. As a result, they are concerned about being accepted, being liked, and getting along, especially with authority figures. They are alert for signs of disapproval, and equally alert for opportunities to ingratiate themselves, to be of service, to demonstrate their fealty and loyalty to the organization. When they think they have given offense, they redouble their efforts to be model citizens. From the observer's perspective, that which is most distinctive about these people is their good nature, their politeness, their cordiality, and their indecisiveness. As managers, they will do anything their boss requires; this means

that they are reluctant to support their staff or challenge authority, and this inevitably erodes their legitimacy as leaders.

At their best, these people are polite, conforming, and eager to please. Because they are so agreeable, because they seldom criticize anyone, complain about anything, or threaten anybody, they rarely make enemies and tend to rise in organizations. But they have problems making decisions, taking initiative, or taking stands; consequently, the units for which they are responsible tend to drift, their staff feels unsupported, and they have trouble maintaining a team.

MITIGATING AND PREVENTING DERAILEMENT

Although bad management is widespread, it is to a degree preventable (cf. Hellervik, Hazucha, & Schneider, 1992; Lombardo & Eichinger, 1999). Specifically, the research suggests that bad management can be minimized through selection, development, and managing job transitions carefully.

Selection

There are two problems with trying to minimize derailment through selection. First, derailed executives resemble successful executives. Typically both groups are bright and ambitious, with good technical and problem-solving skills and successful track records, and are identified early as "high potential" (McCall & Lombardo, 1983). In addition, successful managers are not perfect; they all have flaws and they all have experienced career set-backs. Consequently, it is often hard to pick the winners with ordinary background data.

Nonetheless, certain characteristics reliably distinguish successful from unsuccessful executives. Failed managers are less self-aware, have inflated self-evaluations, easily lose

their composure, handle mistakes defensively, are unable to learn from experience, and have had a limited number of job assignments (Eichinger & Lombardo, 2003; Lombardo & Eichinger, 2006; McCall & Lombardo, 1983; Shipper & Dillard, 2000). Assessing these qualities may identify problem candidates. Additionally, executive selection rarely involves personality testing (Sessa, Kaiser, Taylor, & Campbell, 1998), and when it does, it typically focuses on bright side characteristics. Thus, assessing dark side characteristics might identify derailment potential (cf. Khoo & Burch, 2008; Knights & Kennedy, 2007).

The second problem with trying to minimize derailment through selection is that there are not enough good managers to go around. The base rate for managerial incompetence is about fifty percent and the management talent pool is shrinking. Selection can help improve talent up to a point; after that, organizations have to survive with the managers they have, which points to the importance of development.

Development

The key to development is self-awareness (Dotlich & Caro, 2003; Hogan & Warrenfeltz, 2003; Kaiser & Kaplan, 2006). Eichinger and Lombardo (2003) found that managers who over-rated their own performance, compared to coworker ratings, were more likely to fail. Shipper and Dillard (2000) found that managers who were about to derail were more likely to recover to the extent that they estimated their skills accurately. Similarly, Kovach (1989) reports that derailed managers can recover if they are able honestly to evaluate their performance and learn from experience. However, self-awareness alone is not sufficient; flawed managers must also improve their skills at self-regulation and social interaction.

Self-awareness. Managers need to develop self-awareness in two areas: (a) how others perceive them; and (b) their dark side tendencies. Coworker feedback is the most efficient way to help managers understand how their behavior is perceived. Most *Fortune 1000* corporations and many medium and small companies, non-profits, and government agencies use a 360-degree feedback process, where performance ratings provided by superiors, peers, and subordinates are compared with self-ratings. The peer and subordinate information is crucial because, unlike superiors, they are exposed to the behaviors associated with derailment. A meta-analysis of this literature indicates that 360-degree feedback tends to enhance self-awareness and promote desirable behavior change (Smither, London, & Reilly, 2005). Moreover, feedback is most effective at improving performance: (a) for the lowest rated managers; (b) when coaches help managers review their feedback and set specific improvement goals; and (c) when managers share their development plans with coworkers and ask for suggestions (Smither, London, Flautt, Vargas, & Kucine, 2003; Smither, London, Reilly, Flautt, Vargas, & Kucine, 2004; Walker & Smither, 1999). Supplementing ratings with written comments also improves performance, especially when the comments focus on negative behaviors (Smither & Walker, 2004).

If two aspects of the standard practice were changed, then 360-degree feedback might be more effective at mitigating derailment. First, most 360 surveys assess factors associated with success (Leslie & Fleenor, 1998)—the "right stuff." But the literature shows that failure is often due as much to having the "wrong stuff" as it is to not having the "right stuff" (Lombardo et al., 1988); thus, 360 surveys need to include both undesirable and desirable factors (cf., Lombardo & Eichinger, 2006; Lombardo &

McCauley, 1994). Second, the literature shows that overusing strengths—too much of the "right stuff"—is also a problem (Lombardo & Eichinger, 2006; McCall & Lombardo, 1983; McCall, 1998). Because most 360 rating formats assume higher scores are always better and don't evaluate the degree to which strengths are overused, they could be enhanced by taking this issue into consideration (Kaiser & Kaplan, 2006; Kaplan & Kaiser, 2006).

Second, managers also need insight regarding their dark side tendencies, which can be assessed using competent psychometric devices, and which are less resource-intensive than a 360 process. The problem is that few psychometric instruments focus on the dark side and the well-known inventories that assess dysfunctional tendencies (i.e., the MMPI; Hathaway & McKinley, 1943) are not appropriate in the workplace. Nonetheless, a few inventories constructed for use in the workplace (e.g., Hogan & Hogan, 1997, 2008; Moscoso & Salgado, 2000) can provide managers with insight into counterproductive dispositions of which they may be unaware (Hogan & Hogan, 2001).

Intrapersonal skills. As noted above, self-awareness is a necessary but insufficient condition for development. As Freud suggested, insight primarily transforms obtuse neurotics into enlightened neurotics. Moreover, development efforts that focus on behavior rarely deal with the cognitive, emotional, and motivational causes of the behavior. Behavioral approaches to mitigating derailment are limited because they do not improve the *intrapersonal skills* needed to regulate the impulses and emotional reactions that affect performance in the interpersonal, leadership, and business domains (Hogan & Warrenfeltz, 2003; Kaiser & Kaplan, 2006). A more effective approach would go beyond the behavior to identify the causes of flawed social performance.

The many different methods for helping managers develop intrapersonal skills (e.g., Davies, in press; Kaiser & Kaplan, 2006; Kegan & Lahey, 2001; Kilburg, 2000) have five features in common. First, they begin with a competent assessment and are facilitated by a coach. Second, they help managers identify their implicit theories of social interaction and desired personal goals. Third, they focus on the faulty assumptions (e.g., "people find me fascinating"), emotional hot-buttons, and self-defeating schemas of which the managers are usually unaware. Fourth, they show how the self-defeating schemas may have been adaptive in the context in which they were developed, but are no longer adaptive. Finally, these methods acknowledge the difficulty of changing habitual behavior.

These suggestions for development need to be qualified in two ways. First, although case studies suggest that these methods can be effective at curbing behaviors associated with derailment (e.g., Kaplan, Drath, & Kofodimos, 1991), they lack large-scale empirical support. Second, those managers who are most likely to derail tend not to benefit from feedback. Derailed managers are often self-absorbed, unwilling to take responsibility for their shortcomings, and unable to learn from their mistakes—factors that make them resistant to performance enhancement.

Transition Management

McCall and Lombardo (1983, p. 11) noted that the causes of derailment are "all connected to the fact that situations change as one ascends the organizational hierarchy." Indeed, most derailment occurs following a transition to a more senior job (e.g., Kovach, 1989). Promotion to a higher level brings greater responsibility and greater scrutiny. Performance expectations are ambiguous and the social milieu, defined in terms of the

politics of power and alliances, is more complex (Zaccaro, 2001). Further, senior jobs require a broader and more strategic perspective and the ability to accomplish goals by building alliances, negotiating, delegating, empowering, and using more participative decision making (Charan, Drotter, & Noel, 2001; Kaiser & Craig, 2004).

As people climb the corporate ladder, strengths can become liabilities and weaknesses that might not have mattered may become important (McCall & Lombardo, 1983). Research suggests that executives need three to six months "to climb the learning curve" in a new job (Gabbaro, 1987; Watkins, 2003); it may take even longer to gain the confidence that comes with competence in a new role (Downey, March, & Berkman, 2001), which adds to the stress level. Further, the increased status associated with the executive ranks brings a diminished ability to appreciate another person's perspective (Galinski, Magee, Inesi, & Gruenfeld, 2006). The added stress combined with the reduced ability to appreciate coworkers' expectations can catalyze dark side tendencies and undermine social performance and key relationships. Ironically, when the stakes are highest, leaders may be at their worst.

Organizations rarely prepare managers for promotion or support them afterwards (Freedman, 2005; Watkins, 2003). But this "sink-or-swim" mentality has been changing in recent years prompted by an increased focus on talent management and retention. Methods for facilitating transitions now appear in the practitioner literature based on experience at American Express, General Electric, Johnson & Johnson, Pfizer, Pitney-Bowes, and Wal-Mart (e.g., Downey et al., 2001; Vollhardt, 2005; Watkins, 2003). Anecdotal evidence suggests that these "on-boarding" programs can reduce the failure rate of managers and decrease the time needed for them to take charge in a new job.

Preparation. Transition management takes place in two phases: (a) preparation for; and (b) integration into the new role. Best practices for preparation include creating a plan based on a realistic job preview, assessing risk factors, and building a relationship with the new boss. A realistic job preview (Popovich & Wanous, 1982) helps the newly promoted manager understand the requirements of the new job. Risk factors can be determined by comparing the rising manager's personality, skill, and experience profile with the demands of the new job. Special attention should be paid to strengths that could become liabilities (e.g., a reliance on technical skills) and seemingly innocuous weaknesses that could become liabilities (e.g., a narrow range of experience and limited perspective).

Freedman (2005) suggests that managers-in-transition need to let go of, retain, and add certain skills, behaviors, and attitudes. For instance, newly promoted executives need to let go of tactical details and technical problem solving, and add the ability to adopt a big picture perspective, prioritize strategically, and orchestrate team-based decision making. Freedman suggests that this shift is difficult because it requires executives to change behaviors that were previously successful and add behaviors that are unproven.

Integration. Perhaps the most important part of a successful transition is learning to communicate with a new boss. There are few general rules for building relationships with new bosses, in part because the relationship depends on the personalities of the parties involved. Introverted people have more trouble than extraverts with this part of the transition process and, for them, it is a risk factor for derailment (Bauer, Erdogan, Liden, & Wayne, 2006). In the practitioner literature, best practices for building boss relationships include developing a dialogue about performance expectations, developing

mechanisms for monitoring progress, and learning to navigate the political landscape (DeVries & Kaiser, 2003; Watkins, 2003).

Most prescriptions for transition management emphasize the importance of social networks (e.g., Downey et al., 2001; Gabarro, 1987; Vollhardt, 2005; Watkins, 2003). In addition to developing a relationship with new bosses, executives need to establish good relations with subordinates and to form alliances with peers in other parts of the organization. This widens their view of the business and builds social capital. A study by Right Management Consultants (reported in Fisher, 2005) found that 61% of new hires who failed to build relationships with peers and subordinates subsequently derailed.

Moving into a bigger job follows a predictable sequence that begins with learning the job, then reflecting on the job, then introducing changes and refinements of procedures (Gabarro, 1987). Managers who self-consciously move through each phase are more likely to succeed (Downey et al., 2001; Gabarro, 1987; Watkins, 2003).

Failure doesn't occur overnight; there is usually a slow build up of little problems that eventually reach a critical mass (Lombardo & Eichinger, 1999; McCall & Lombardo, 1983). Table 4 presents common signs of derailment potential organized in terms of the Hogan and Warrenfeltz (2003) domain model. Organizations can minimize derailment by periodically evaluating whether managers-in-transition are having problems in terms of business and leadership performance, working relationships, and self-management, then intervening before it is too late.

CONCLUSIONS

Historically, the leadership literature has been little more than a hymn in praise of the corporate elite (e.g., Charan, 2007). When, at a professional conference in the early

1980s, the authors proposed that the base rate of bad management was about 50%, they met fierce resistance from psychologists in the leadership development industry.

Nonetheless, we persisted, Bentz published his data on failed managers at Sears, systematic research soon followed, and the phenomenon is increasingly recognized as important.

The essence of this chapter can be summarized in terms of four points. First, the academic literature on leadership leads to few useful generalizations about the distinguishing characteristics of good leaders. Fiedler's (1967) work is a metaphor for the field—namely, the defining features of good leadership depend on “the situation” and this leaves practitioners with little clear guidance about how to help managers.

Second, research on the characteristics of bad leaders converges quite nicely. The behaviors associated with managerial derailment are well documented and are relevant to most organizations and most managers. Being unable to get along with coworkers is a key reason managers fail. The dark side personality factors help explain why managers have these relationship problems. The derailment research also points to the role of change, stress, and a lack of self-awareness as potentiating factors. The research leads to some useful generalizations, offers taxonomies of causes and early warning signals, and remedial recommendations.

Third, the data are quite clear that there are a large number of bad managers in the private and public sector. Estimates of the base rate of bad managers have been surprisingly consistent since research on this topic first started; the problem is real and worthy of serious research attention.

Finally, if organizations observe the principles of good management, including

how they manage their managers, then they are more profitable. When organizations ignore the principles of good management, they are less profitable, and they subject their employees to unnecessary stress and abuse.

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Table 1

Estimated Base Rates for Management Failure

<i>Source</i>	<i>Estimate</i>
Benz, 1985a	50%
Sorcher, 1985	33%
White & DeVries, 1990	50%
Millikin-Davies, 1992	50%
Shipper & Wilson, 1992	60%
Hogan, Curphy, & Hogan, 1994	55%
Sessa, Kaiser, Campbell, & Taylor, 1998	30%
Fernandez-Araoz, 1999	40%
Smart, 1999	50%
Lombardo & Eichinger, 1999	40%
Hogan & Hogan, 2001	67%
Charan, 2005	40%
	<i>Mean</i> 47%
	<i>Median</i> 50%

Table 2

An Integrative Summary of Behaviors Related to Derailment in Terms of the Hogan and Warrenfeltz (2003) Domain Model

Skill Domain <i>definition</i>	Research Study					
	Benz (1985a)	McCall & Lombardo (1983)	Morrison, White, & Van Velsor (1987)	McCauley & Lombardo (1990)	Lombardo & Eichinger (2006)	Rasch, Shen, Davies, & Bono (2008)
Business <i>ability to plan, organize, monitor, and use resources</i>	Lacked business skills Unable to deal with complexity Reactive and tactical,	Specific business problems Unable to think strategically Unable to staff effectively	Performance problems Not Strategic Restricted business experience	Difficulty in molding a staff Difficulty in making strategic transition Strategic differences with management	Poor administrative skills Lack of strategic thinking Difficulty making tough choices	Poor task performance Poor planning, organization, and/or communication
Leadership <i>ability to influence, build and maintain a team, role modeling</i>	Unable to delegate Unable to build a team	Over-managing— failing to delegate	Can't manage subordinates		Failure to build a team	Failure to nurture and manage talent Avoiding conflict and people problems Over-controlling

— Table 2 Continues —

Table 2 *continued*

<p>Interpersonal <i>social skill, empathy, and maintaining relationships</i></p>	<p>Unable to maintain relationships with a network</p>	<p>Insensitivity (abrasive, intimidating, bully) Cold, aloof, arrogant</p>	<p>Poor relationships</p>	<p>Problems with interpersonal relationships</p>	<p>Poor political skills No interpersonal savvy Unable to deal with conflict</p>	<p>Failure to consider human needs</p>
<p>Intrapersonal <i>self-awareness and self-control, emotional maturity, integrity</i></p>	<p>Lets emotions cloud judgment Slow to learn An “overriding personality defect”</p>	<p>Unable to adapt to a boss with a different style Too dependent on an advocate Too ambitious Betrayal of trust</p>	<p>Unable to adapt to boss Too ambitious</p>	<p>Too dependent on an advocate Lack of follow-through</p>	<p>Questionable integrity Low self-awareness</p>	<p>Procrastination and time delays Poor emotional control Rumor-mongering and inappropriate use of information</p>

Table 3

An Integrative Summary of Dark Side Personality Dimensions Related to Derailment

Horney's (1950) orientation <i>Definition</i>	Author			
	Hogan & Hogan (2001)	Moscocco & Salgado (2004)	Dotlich & Cairo (2003)	Schmit, Kilm, & Robie (2000)
Moving away				
<i>Trying to succeed by intimidation</i>	Excitable	Ambivalent	Volatile	
	Skeptical	Suspicious	Distrust	Intimidating ¹
	Cautious	Shy	Excessive Caution	
	Reserved	Lone	Aloofness	Intimidating ¹
	Leisurely	Pessimistic	Passive Resistance	Passive Aggressive
Moving against				
<i>Trying to succeed by charm and guile</i>	Bold	Egocentric	Arrogant	Ego-centered
	Mischievous	Risky	Mischievous	Manipulation
	Colorful	Cheerful	Melodrama	
	Imaginative	Eccentric	Eccentricity	
Moving toward				
<i>Trying to succeed by conforming</i>	Diligent	Reliable	Perfectionism	Micro-managing
	Dutiful	Submitted	Eagerness to please	

Note: Scales presented in the same row are measures of the same personality dimension. ¹The Intimidating scale from Schmit, Kilm, & Robie (2000) blends elements of the Skeptical and Reserved dimensions from Hogan & Hogan (2001).

Table 4

Signs of Potential Derailment

Early Warning Sign
Indicators

Skill Domain

Business Domain

Poor Results

- Results don't live up to track record*
- Consistently misses objectives*
- Customers complain*
- Financials don't make sense*
- Mistakes are "covered-up"*

Narrow Perspective/Not Strategic

- Consumed with details and meetings*
- Too reliant on technical skills*
- Overwhelmed by business complexity*
- Unable to prioritize*
- Lacks curiosity; fails to stay current*

Leadership Domain

Trouble Building a Team

- Inability to motivate, and develop subordinates*
- Micromanagement*
- Authoritarian and autocratic*
- Poor team morale, high turnover*
- Poor staffing decisions*

— Table 4 Continues —

Table 4 *continued*

Interpersonal Domain

Poor Working Relationships

- Insensitive, abrasive, and abusive*
- People avoid working with the person*
- Blaming others for problems*
- Not trustworthy or credible*
- Frequent political missteps*

Intrapersonal Domain

Inappropriate or Immature Behavior

- Outbursts, over-reacting and losing composure*
- Doubtful integrity, loyalty, and sincerity*
- Unable to handle stress*
- Unable to accept responsibility for problems*
- Gossiping and rumor mongering*
- Exchanging information inappropriately*

Note. Based on a literature review reported in DeVries, D. L. & Kaiser, R. B. (2003, November). *Going sour in the suite: What you can do about executive derailment.* Workshop sponsored by the Human Resources Planning Society, Miami, FL.