Seven Costly Mistakes Executives Make that Cause Productivity, Performance and Profits to Suffer...

...and People Suffer TOO!

This Executive Guide features practical solutions that effective leaders can use to re-establish strong accountability in winning organizations.

ACCOUNTABILITYPAYS

One Conversation at a Time

Introduction

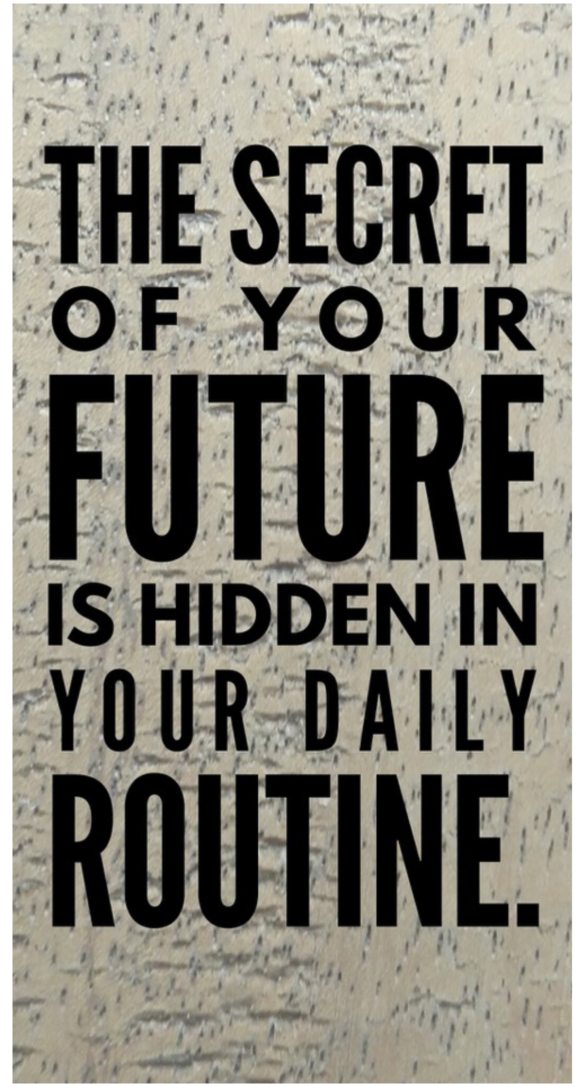
Performance is how well work is performed (quality). Productivity is how much work gets done (quantity).

People – the human spirits – are the source of the work that gets measured. My guess is that if you hold an executive position in an organization, you will find yourself in this report at least once. All personal stories are true accounts of real situations and real costs. Names changed to protect the innocent.

Every one of these seven costly mistakes finds its source in either faulty thinking or faulty communication or both.

Seven costly mistakes executives make that cause performance, productivity and profits to suffer.

1. **Poor communication, in particular:**
    a. Being unwilling to have difficult conversations
    b. Not communicating expectations
    c. Making statements when questions are in order
    d. Not Listening
2. **Acting as if your assumptions are the truth**
3. **Lack of focus and a plan**
4. **Lack of clear thinking that leads to poor decisions**
5. **Using the wrong measures of performance**
6. **Using poor systems (or environments) and expecting people to overcome them to produce superior results**
7. **Ineffective, off-putting or damaging relationship management with employees and/or service providers**



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Acting as if your assumptions are the truth

In a word, arrogance. This particularly applies to CEOs/owners of businesses who can think of themselves as kings/queens. Arrogance includes, by definition, the pretense that the arrogant one knows all. A pretense can last a long time. Consider the married couples you know who are pretending to love one another. Living inside of a pretense is exhausting and eventually self-defeating.

I am reminded of the Hans Christian Andersen myth about the Emperor who hired a couple of (lazy) tailors to make him some royal clothing. They agree that the clothes would be invisible to anyone who is incompetent or stupid. When the Emperor picks up his new clothes, he sees nothing. It is a ruse. The Emperor has been duped by these thieves, but he has bought into their story. So the Emperor pretends to be delighted with his new clothes and parades the town naked.

Everyone else pretends to see clothes until a child yells, "He has no clothes on!" Analogously, in business people who point out the pretenses of powerful people and institutions are often compared to the child who points out that the emperor actually has no clothes. These courageous people are, as the book ***Transparency*** addresses, speaking truth to power.

Arrogance can quickly translate to a lack of discipline – ignoring the systems, the advisors, the rigor of self-examination. In the article, "The Price of Arrogance," Steve Forbes and John Prevas point out, "The ugly stepsister of success is often a loss of discipline. The same drive to win that propels an Alexander (the Great) to unimaginable heights of power and wealth can just as easily result in out-of-control behavior with disastrous consequences."

King Alexander the Great was an early example of the arrogance of a king out to conquer the world. The authors then give some real-world examples of CEOs who destroyed, by their arrogance, the very empires they created.

An unfettered villain of poor decision-making (dealt with separately in this report) is assumptions that are not recognized as assumptions but treated as truth. An easy example is the many Americans who purchased real estate on the assumption that real estate values would go up. Or how about the assumption that the financial markets will be stable? Or that your sources of information–particularly social media–are reliable?

This real-world example of an Environmental Services Company with a bright future and an arrogant leader makes the point.

> *Dave, CEO and founder, was very enthusiastic about his new technology and believed that it would change the world of aquatic water testing. He sounded convincing when he successfully implored several "family and friends" investors to back his new company.*
>
> *As Dave began to run low on cash, he was forced by investors to begin seeking the first customers for the new invention. After several months no one had ordered a unit. Dave made several excuses for why no sales. It was soon learned that the market did not value the technology the way he designed it and didn't see the value in it.*
>
> *Dave had assumed he knew what the market wanted and needed, but he did not perform a marketing study and he did not ask potential customers what was important to them. Further inquiry by the investors in Dave's company revealed that this was the second time Dave had tried to introduce his technology without a proper marketing study to determine what the market needed and valued. Dave's company went bankrupt, which was a shame because his technology likely had*

a place in the market if he had properly addressed the market needs instead of thinking he already knew.

The world only works when agreement is present. The previous examples are dramatic. Unfortunately, the Dave's of the world are not rare. The more subtle impacts can be felt every day in not distinguishing between someone's opinion or assumption, and a tested, agreed-upon reality. In the case of a difference of opinion with no reality to test against, shaky ground does not get more solid.

Limited information sharing and too much arrogance at the top can end the life of a company when it is young.

Limited information sharing and too much arrogance at the top can end the life of a company when it is young. Linda, along with a second in command, started a company that grew to include offices in several countries. Linda played the founder role of the "outside guy" who was responsible for all of the growth of the company. The "inside guy," Brett, was very good operationally. For example, if they needed four new employees, he would find them.

Linda was the one who found and held every business relationship while Brett kept the business operationally solid. They started their relationship with an agreement on percentages of pay for each of them, which was negotiated further in favor of Brett, at his insistence. It was the beginning of the end because despite the adjustment, Brett never was satisfied with his percentage.

Linda described Brett as "a hot-headed Spaniard, so oh did we communicate!" What they did was hurl words at one another. But of course, you know I'm going to point out that was not communication; that was talking at one another from each one's right and righteous position, and Linda is quick to point out that she did adjust the percentages once, while clearly not being in agreement but "giving in" to the demands. Their partnership eventually broke apart.

> *At one point in this tumultuous process, a large contract was not renewed, so Linda wanted to lay off some employees. Brett did not agree, at which point he offered to buy Linda out of the Spain and Italy offices. The business relationship did not survive their disagreement over what is "fair."*

I recently worked with a coaching client, George, who complained of an employee being disruptive in production meetings with inappropriate comments, a constant source of irritation for George. I suggested George find a private moment with Frank, the disruptive employee, to ask if there was some dissatisfaction that was not getting heard and that was coming out inappropriately in the meetings. Contextually, George needed to come from curiosity, as opposed to judgment and ask open-ended, probing, caring questions.

Depending on what George heard, he could then make an informed decision about next actions. But until he gave Frank an opportunity to

1. be aware of his behavior, and
2. express for himself what he thought was the reason for it,

any action on George's part would be coming from an assumption.

Costs: Limited information sharing and too much arrogance at the top can end the life of a company when it is young. In other instances, it will take longer for someone to point out that the Emperor has no clothes, in which case everyone lives in the pretense that all is well. There is another potential cost to this one, and it is deadly; the loss of trust.

In speaking about the loss of trust of CEOs with a friend recently, he commented, "When the wealth starts to accumulate with male CEOs some strange behavior can surface. What I mean is that they start to get tempted into believing their own headlines and thinking like they are some sort of god. All the rules and restrictions somehow don't apply to them. They get lured into believing they are invincible and that they are 'the Masters of the Universe.'

"The resulting behavior and superiority complex leaves those around them in a place of distrust. They will only take care of themselves when the pressure of poor performance and job/pay cuts need to happen. In other words, they don't create a safe work environment.

"I have an old saying that men leaders who lack character will eventually be humbled and brought down by one of the three G's: 1. Greed, 2. Glory or 3. Girls.

If you look back on all the CEOs in the 'Hall of Shame' one of those three was in play. I have personally witnessed several good CEOs get tempted by one of three G's and lose the trust of their people and have a big fall. I also believe the higher you climb the more frequently these temptations get put in your path."

Actions: Put in practices that challenge assumptions of everyone on the executive team and have them do the same on their teams. For example, ask for feedback from the senior executive team in regularly scheduled meetings. Look for people whose opinions you particularly trust, and bring them into your confidence early and often when making decisions that impact many people. Use an executive coach to keep you looking in the mirror of reality. And for heaven's sake, keep your values foremost and your ego in check.

These are seven mistakes, and the truth is, we are all human beings, which means we're fallible. Human beings make mistakes. We have blind spots.

I offer an assessment that provides feedback on behavioral preferences and tendencies, including leadership paradoxes. **To learn more, go to https://accountabilitypays.harrisonassessments.com.** There, you can book a demo of the assessment with me. Or, you can go ahead and schedule a :30 discovery conversation right here.

Here's my online booking calendar - https://pamela-stambaugh.youcanbook.me

About the Author:

Accountability Pays President and Founder Pamela Stambaugh, has practiced as a Behavioral Change Master for over 25 years. Her focus is growing leaders inside growing companies, coaching and training in leadership mastery.

Client outcomes have included improving operating results, upgrading team performance, and creating a culture of trust and open, authentic communication. She has worked with global, small and mid-sized companies across many industries.

Her clients have included Kodak worldwide, SKF worldwide, Coca Cola in Greece, Efes Pilsen in Turkey, The Old Globe Theater, The Ken Blanchard Companies, GE Healthcare, CBIZ, and the University of San Diego, to name a few.

Pamela has spoken and trained around the world on topics related to accountability and developing high performance teams and is co-author of two business books. She is an ICF Certified Executive Coach, and a Certified Woman Owned Business. In 2023, she is Chair of the San Diego WBEC-West Forum, and is a member of the Board of Governors of the University Club atop Symphony Towers.

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