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

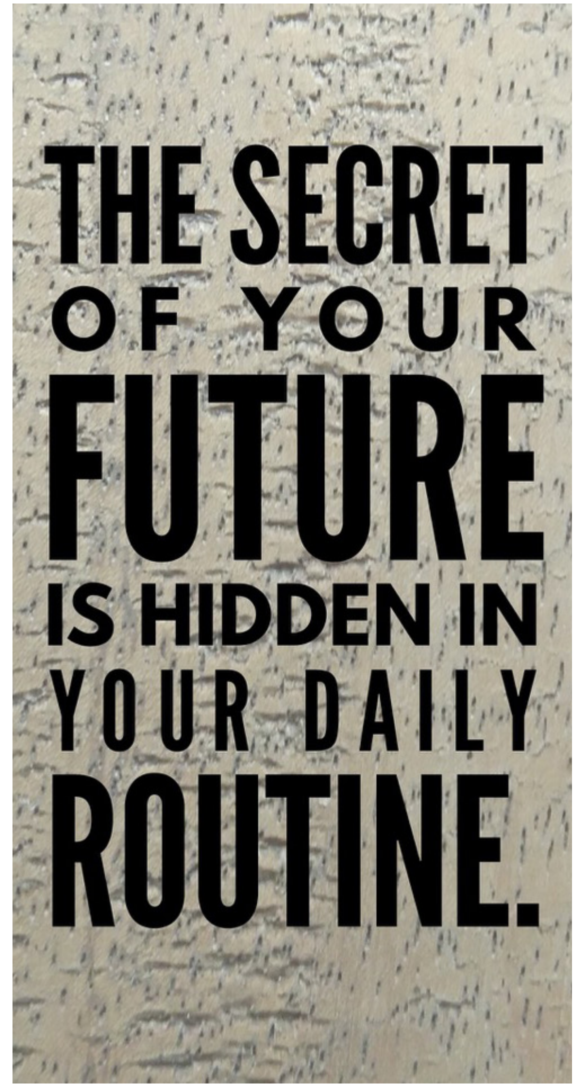
Performance is how well work is performed (quality). Productivity is how much work gets done (quantity).

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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Lack of clear thinking leads to poor decisions

Lack of clarity is one of the reasons a leader fails to focus and plan. In essence, someone who is not clear does not know the right thing to do, so cannot provide direction to the executive team and therefore to the organization.

The Financial Times article, September 20, 2010, titled "When to turn a blind eye to the facts" provided this classic, timeless advice, offering, "Ideally you want to base your decisions on sound evidence. But often, managers make a decision then rustle up the evidence to support it. As Peter Tingling and Michael Brydon of Simon Fraser University wrote recently in the MIT Sloan Management Review, it is the difference between evidence-based decision making and its ugly sibling, decision-based evidence making." The point of the article raised the delicate question of "how to encourage the use of data, while leaving room for the occasional inspired decision? Not all decisions require the same degree of evidence."

Roger Martin, dean of the Rotman School of Management at the University of Toronto with a book about the same topic, wrote an insightful article called "How Successful Leaders Think," published in The Harvard Business Review in June of 2007, one of the classics. I make sure all my clients read it, and I often quote from its wisdom to groups of leaders.

Martin points out that we have an opposable thumb as humans, making it possible to pick things up that other creatures in the animal kingdom cannot. That point is followed closely with a quote from F. Scott Fitzgerald who, more than 60 years ago, saw "the ability to hold two opposing ideas in the mind at the same time and still retain the ability to function" as the sign of a truly intelligent individual. But as Martin notes, "We often don't know what to do with fundamentally opposing models. Our first impulse is usually to determine which is 'right' and, by process of elimination, which is 'wrong.'"

"What if we don't change at all ... and something magical just happens."

That relieves the discomfort of not knowing, but likely does not produce the best decision.

Martin is a proponent of integrative thinking, which is defined by four steps. The first step is figuring out which factors to take into account, whereas conventional thinking discards as many factors as possible to reduce the discomfort of complexity.

The second step is to analyze causality, considering multidirectional and nonlinear relationships in the mix. This is not traditional linear thinking that if "a" leads to "b", then more of "a" will lead to more of "b."

The third step is envisioning the decision architecture, seeing problems as a whole rather than applying band-aids to symptoms.

The fourth step entails achieving resolutions, creatively resolving tensions among opposing ideas to generate innovative outcomes. Without thoroughly thinking challenges through, conventional thinking often results in unattractive trade-offs.

Lack of clarity is exacerbated by arrogance, pretending everything is fine when it is not. The greatest sin a leader imposes on the organization at this point is not reaching out for help and guidance.

Bud knew that the bank was in trouble but he was not clear what would save the bank. Loan delinquencies were rising at an alarming rate and the regulators were beginning to put pressure on the board to address the low capital at the bank. Bud, an old-time banker, believed that aggressive collection *action was the answer and further, he believed that was what the regulators wanted. He also immediately lowered the rate he was paying on deposits to help offset the loan losses. (These are assumptions, another critical mistake leaders make because they are undistinguished as faulty assumptions).*

When customers began filing bankruptcies at unprecedented rates leaving the bank without a possibility of collection and depositors at the bank began leaving to place deposits at competitor banks over the low rates, the regulators stepped in and took over the bank. New management was brought in.

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The first step the new President took was to access the reasons for the high delinquencies and then establish work out programs for debtors to get them back on their feet so that they could pay their loans. The bank also increased their deposit rates to stop a run on the bank and return confidence to the community that the bank would survive. The results of these thoughtful actions were that the bank became the number one bank in the community in the second year and returned to good profitability.

Cost: In extreme cases, the regulators can step in as was the case with this bank. In the United States in 2009 and 2010, failed business models were being bailed out by the government, creating a financial drag on the U.S. public for years to come. More recently, similar "save the consumer, save the business" actions from Covid expressed as PPP loans and/or EIDL loans. As a business owner, it would be crazy not to take advantage of these business hand-outs, business had been so adversely affected by the pandemic.

In individual companies, a milder effect of poor thinking or lack of strategic considerations is the drag on productivity and morale that can lead to increased turnover, gossip, and other time wasters that sabotage results.

Action: Ask for help. Do the research. Check your views against multiple sources, from trusted advisors to peers in your industry. Have many conversations that can lead to clarity. Challenge your assumptions and ask others to do the same.

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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