LEADERSHIP

Ten Fatal Flaws That Derail Leaders

by Jack Zenger and Joseph Folkman

Poor leadership in good times can be hidden, but poor leadership in bad times is a recipe for disaster. To find out why leaders fail, we scrutinized results from two studies: In one, we collected 360-degree feedback data on more than 450 *Fortune* 500 executives and then teased out the common characteristics of the 31 who were fired over the next three years. In the second, we analyzed 360-degree feedback data from more than 11,000 leaders and identified the 10% who were considered least effective. We then compared the ineffective leaders with the fired leaders to come up with the 10 most common leadership shortcomings. Every bad leader had at least one, and most had several.

The worst leaders:

Lack energy and enthusiasm They see new initiatives as a burden, rarely volunteer, and fear being overwhelmed. One such leader was described as having the ability to "suck all the energy out of any room."

Accept their own mediocre performance They overstate the difficulty of reaching targets so that they look good when they achieve them. They live by the mantra "Underpromise and overdeliver."

Lack clear vision and direction They believe their only job is to execute. Like a hiker who sticks close to the trail, they're fine until they come to a fork.

Have poor judgment They make decisions that colleagues and subordinates consider to be not in the organization's best interests.

Don't collaborate They avoid peers, act independently, and view other leaders as competitors. As a result, they are set adrift by the very people whose insights and support they need.

Don't walk the talk They set standards of behavior or expectations of performance and then violate them. They're perceived as lacking integrity.

Resist new ideas They reject suggestions from subordinates and peers. Good ideas aren't implemented, and the organization gets stuck.

Don't learn from mistakes They may make no more mistakes than their peers, but they fail to use setbacks as opportunities for improvement, hiding their errors and brooding about them instead.

Lack interpersonal skills They make sins of both commission (they're abrasive and bullying) and omission (they're aloof, unavailable, and reluctant to praise).

Fail to develop others They focus on themselves to the exclusion of developing subordinates, causing individuals and teams to disengage.

These sound like obvious flaws that any leader would try to fix. But the ineffective leaders we studied were often unaware that they exhibited these behaviors. In fact, those who were rated most negatively rated themselves substantially more positively. Leaders should take a very hard look at themselves and ask for candid feedback on performance in these specific areas. Their jobs may depend on it.

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GLOBALIZATION

Losing (Ownership) Control

by Ken Smith

Notwithstanding a temporary lull during the financial crisis, global industry restructuring is driving a dramatic increase in cross-border acquisitions, and some countries are selling a lot more than buying – notably the U.S., the UK, and Canada. While individual sales can benefit the selling country, a net loss of corporate ownership control is worrisome. Inbound foreign investment is good for an economy when it results in more capital projects, increased innovation, improved productivity, and job creation. However, the sale of the controlling interest of a company achieves none of these ends in and of itself.

Whether foreign investment creates value or simply changes ownership control is a distinction worth making. As a country sells off corporations, especially large ones, the shift in head-office functions abroad is inevitably followed by a migration of their supporting professional and business infrastructures. The ripple effects can be severe: After all, the headquarters of large corporations and their associated capital markets and services are core to the New York, London, and Toronto economies.

As the map shows, the U.S. is the world's largest net seller of billion-dollar corporations. The UK is a close second, followed by Canada and then the Netherlands. The rest of the developed countries are staying even or gaining, including small countries now home to global giants in industries such as mining and brewing.

Ownership and domicile of global companies provide direct economic benefits, and corporate leadership enhances a country's international influence. The U.S., the UK, and Canada will fall behind if they do not address the growing imbalance in global industry restructuring. Protectionism isn't the answer – the globalization of the economy and the formation of large companies with international value chains arguably benefit all