Managerial Incompetence: Is There a Dead Skunk on the Table?

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We would like to begin this article by asking you to count up all of the people you have worked for over your career. Of this total, how many would you consider to be competent leaders or managers? We have asked this same question to thousands of people, and invariably only a small percentage of people in positions of authority make the grade. This article assumes—with solid empirical justification—that the base rate of managerial incompetence at all levels and in all sectors of the economy is about 50%. It then analyzes the causes of this phenomenon and proposes some straightforward solutions.

Leadership Defined

Despite the popularity and importance of the topic of leadership, it is surprising to see how casually it is usually defined. We define leadership by distinguishing between ends and means. The ends of leadership concern getting results through others. Good individual contributors achieve results by themselves, but good leaders get results through others. More importantly, different skills are needed to get work done through others than are needed to get the job done by oneself.

Because leaders cannot achieve the financial, operational, or customer service results of an organization by themselves, the means of leadership involve building cohesive, goal oriented teams. Good leaders hire and develop the right people, set and enforce the rules for getting along and getting ahead, acquire the resources needed to achieve key goals, and create clear and compelling visions of the future.

Only a few people consistently accomplish the ends of leadership using the appropriate means. Many people in leadership positions achieve results, but because they fail to build high-performing teams these results are usually short-lived. Other people seem particularly adept at building teams that get very little accomplished. The best leaders build teams and get results across a variety of leadership levels and situations—and these individuals are quite rare in corporate America.

Why is Incompetence so Prevalent?

There are a variety of reasons why so many managers seem incompetent. Some of these reasons are due to organizational blind spots, some are due to personal factors, and some are related to poor leader development and selection/succession planning practices.

> *When smart people start asking dumb questions, good leaders listen.*
> *Ill-Defined Expectations: What is a Leader Supposed to do?*

Anyone who has been in a position of authority knows how hard it is to lead others. The demands are complex and constantly changing, stakeholders have competing agendas, and the objectives must be accomplished under tight timelines with constrained resources. Leaders usually understand what results are needed, but many either don't understand or have misguided notions on how to get results through others, how they should spend their time, what they should focus on, and what they should stop doing in order to achieve desired results.

Part of the problem is that the tasks of building teams and getting results though others vary by leadership level. And compounding the problem is the fact that some of the behaviors that got a person promoted are precisely the same ones that cause them to fail at the next level. For example, a major cause of failure for many people moving up the corporate ladder is to act like an individual contributor and just work longer and harder on projects rather than do the those tasks appropriate for their leadership level. This tendency becomes a death spiral for leaders “on the ropes”. We know an individual contributor who has great planning, attention to details, and follow up skills. These skills caught the eye of a business unit leader, and the person was promoted into a first-line supervisor role. Unfortunately, her perfectionistic tendencies prevented her from seeing the larger picture, setting priorities (everything had to be done equally well), and delegating appropriately to her staff. She was a micro-manager, that impeded her ability to build a team, and she eventually burned out and left the organization. Rather than just doing more themselves, good leaders spend time thinking about what they need to do to build a team at their leadership level and how to get the best results through others. They are constantly evaluating whether their people are working on the right projects and they have the right people on their teams.

This example demonstrates that people who behave in ways that are inappropriate to their leadership level will have a difficult time building cohesive and productive teams. We have found that many leaders at the very top of organizations have difficulties giving up first-line supervisor or mid-level leader roles. We know a CEO of a medium sized consulting firm who takes pleasure in being a first-line supervisor. He has an open door policy and enjoys personally resolving problems brought up by employees. But in doing this the CEO consistently undermines the authority of all the other managers in the chain of command and forces them to behave like individual contributors. As a result, neither the CEO nor the other supervisors in the company are able to build cohesive, goal oriented teams or are perceived by employees to be even marginally competent.

A fish stinks from the head down.
Lack of Accountability : Rank has its Privileges.

Related to the issue of ill-defined expectations is a lack of accountability for leaders. We all know leaders who don’t perform appropriately and have bosses that seem to tolerate their poor performance. And the higher people go in an organization, the less likely leaders will be held accountable for getting things done the right way. We knew one organization that was going through some serious financial difficulties and a sizable percentage of employees were asked to leave the company as a result. That year the company held its annual three day retreat for its top 2,000 leaders (with spouses) in Palm Springs. The theme of the retreat? “Lean Manufacturing and Fiscal Discipline”. Few if any of these leaders saw the irony of the situation, nor did any of them lose their jobs as a result of these downsizings. One could argue that most corporate downsizings are the result of failed leadership, but how many leaders pay the price for their failed business strategies? On the contrary, top leaders often received multi-million dollar severance packages for their failed efforts.

Over the past several years there have been a number of high visibility number cases of top leaders failing to deliver on promised results and/or cooking the books in order to achieve them. These individuals were removed, not as a result of actions by their boards, but as a result of investigations by Elliot Spitzer, the SEC or concerted calls from shareholders. Boards fail to hold executives accountable for getting the right things done the right way, and this lack of accountability permeates throughout the organization. If leaders are not held accountable for their own unethical or incompetent behavior, then it is no wonder that employees engage in insider trading, illegally steal trade secrets from competitors, sexually harass other employees, or pass out exclusive shares in hot IPOs.

This lack of accountability is actually quite pervasive and not limited to corporate America. Although the sexual harassment problem at the Air Force Academy has only recently come under the glare of the public spotlight, this dead skunk has been on the table since 1976. During those infrequent times when the problem was acknowledged the Academy spent more effort passing out gas masks and maintaining its public image than systematically dealing with sexual harassment. The Academy is an institution that prides itself on discipline and accountability, but none of its top leaders have ever been held responsible for this problem. The good news here is that the problem has finally been acknowledged and the right leaders are in place to do something about it. But the problem has had 25 years to fester; time will tell if they actually succeed.

*You can’t make chicken salad out of chicken *!&!*
Poor Selection Processes: Identifying the Dark Side.

Most organizations use dreadfully inadequate processes to select or promote their leadership talent. One reason that the selection processes are so poor is the fact that most people believe they are good judges of talent. In one of our favorite exercises, we ask those people who are good judges of character to raise their hands. Everyone in the group usually raises their hands. Then we then ask the people who have been divorced or had a major breakup with a significant other to lower their hands. Just about everyone lowers their hands. If people make big mistakes choosing intimate partners, then it is no surprise that they make mistakes hiring managers. This pervasive “judgment of character bias” is the reason that invalid processes are so frequently used to select leaders. Figure One shows that the more common the selection method, the less valid it actually is.

Typical Correlations between Different Assessment Techniques and Leadership Effectiveness

Assessment Technique	Correlations	Estimated Percentage of US Companies Using Technique
Assessment center/job simulation	.50	Unknown

Job knowledge test	.48	Unknown
Personality inventories	.48	10-20%
Structured interview	.40	Unknown
Biographical questionnaire	.40	15-20%
Mental abilities test	.24	15-20%
Unstructured interview	.20	90%+
Reference checks	.14	80%+
Resume/application blank	.10	90%+

Related to the judgment of character bias problem is the tendency for leaders to hire in their own self-image. Usually leaders fall into this trap by conducting nothing more than one or more “fire side chats” with candidates before making a hiring decision. These engagements allow candidates to demonstrate their technical knowledge and self-promotion skills (by telling the hiring manager how much they are just like they are), but often these are not the same skills needed to get results through others or build teams. And remember, half the people doing the hiring may be incompetent, so hiring in one’s self image only perpetuates managerial incompetence problem.

Interestingly enough, many search firms and HR departments actually compound this problem. Search firms tend to fall into the judgment of character bias trap and engage candidates in a series of unstructured interviews designed more to assess technical/financial skills than leadership skills. If you think this is not the case, then why are most search firms industry oriented? And many HR departments are hesitant to offer up executive candidates who lack industry specific experience to their CEOs. We believe it is easier for manager who is smart and has a proven track record of getting results through teams to move into another industry than it is for a person with lots of financial and technical skills to build a high performing team.

Another problem confounding the process of hiring or promoting leaders concerns the fact that, in most selection settings, candidates project an image designed to put them in the best possible light. By consciously managing this image, they usually control their “dark side” personality traits. Dark side personality characteristics are dysfunctional dispositions that appear when a person is not paying attention to how others perceive him/her—e.g., during times of work saturation, multi-tasking, high stress, rapid change, or when they feel comfortable enough with those they work with to do what comes naturally. These counterproductive tendencies impede a person’s ability to build a cohesive, goal oriented team. Figure Two defines the most important dark side tendencies. Chances are these dark side traits encompass many of the reasons why many of these managers you worked for in the past were perceived as incompetent.

Dark Side Personality Traits

Table Two: Dark Side Personality Traits

Excitable:	Approaches new projects and people with energy and enthusiasm, becomes easily disappointed, then blows up—emotional fireworks.
***Skeptical*:**	Expects to be betrayed, reacts aggressively to real or imagined signs of betrayal, but is very smart about organizational politics.
***Cautious*:**	Overly concerned about making mistakes and being criticized; very slow to make decisions, but makes few foolish errors.
***Reserved*:**	Insensitive to social or emotional cues; remote, aloof, and communicates poorly, but handles negative feedback with ease.
***Leisurely*:**	Insists on working at own pace, resists requests for increased output, procrastinates, is always late, engages in aggression that is hard to detect, but has excellent social skills.
***Bold*:**	Arrogant, feels superior and entitled, claims more credit for success than is fair, blames failures on others, but is willing to take on daunting projects.
Mischievous:	Enjoys risk, excitement, and testing the limits, ignores failure, is careless about commitments, but is very cool under pressure.
Colorful:	Sociable, outgoing, lively, entertaining, seeks attention, is disruptive and easily distracted, but is bright and engaging.
Imaginative:	Eccentric thinking, impulsive decision making, unable to learn from bad choices, but is smart and visionary.
Diligent:	Micromanages others, won’t delegate, can’t prioritize, but is very hard working with unusually high standards of performance for self and others.

Dutiful:	Overly concerned with pleasing superiors, poorly represents concerns of staff, but is an excellent organizational citizen.

It is important to understand that everyone has some dark side characteristics and that they are often associated with good social skills. Persons who are Bold, Mischievous, and Colorful make strong first impressions and perform particularly well in unstructured interviews. We know one individual who charmed his way into the top leadership position at a large call center and promptly got his executive assistant pregnant. After being reprimanded, he promised not to do it again. Eight months later his second executive assistant became pregnant, and rather than being fired (remember our accountability problem), the head of HR was told to get this individual an executive coach.

Poor Development Processes: Increasing Knowledge and Changing Behavior.

Leadership development programs can enhance understanding (when, what, and why to do something) or change behavior (how to do something). Most organizations think leadership training or coaching programs concern changing behavior. But if changed behavior is the measure of training success, then most leadership development programs are in serious need of improvement.

Part of the problem is that, as we noted earlier, many organizations do not specify what they expect of leaders. If organizations don't define their expectations, then their leadership development programs will not work very well. Related to this is the fact that bosses rarely hold their staffs accountable for applying what they have learned during training; as a result, many training programs have little impact on organizational outcomes.

Another problem concerns building teams. We defined the ends of leadership as getting results through others, and the means of leadership as building cohesive, productive teams. Most leadership development programs are not concerned with either the ends or the means of leadership. Instead, they tend to focus on either the technical/functional aspects of leadership (i.e., MBA programs) or on the competencies that the organization believes are important. Although MBA programs are good at teaching the what, when, and why of business, they are not particularly good at developing the skills needed to build high functioning teams. One could argue that a strong foundation of technical or functional knowledge is important, as leaders have to bring something to the team to be seen as credible. This is true, but it is hardly the whole picture. Similarly, many coaching programs and competency based leadership training programs often ignore the significance of teams. For example, the competencies taught in a typical leadership program for first-line supervisors might include setting goals, planning and organizing activities, delegating tasks, providing feedback, and dealing with problem performers. But the reason these skills are needed is that they are critical for getting people to work better together—ie, to build cohesive, goal oriented teams.

How to Fix the Problem

Recognizing a problem is the first step to fixing it. Companies need to realize that they have a pervasive problem on their hands, and that addressing this problem will result in a dramatic increase in financial performance. Once the problem is acknowledged, the next step is to define it accurately. Managerial incompetence can be defined as the inability to get results through others—by not building high-performing teams. Some managers get results through their own efforts or at the expense of employees. Others can build teams but get little accomplished. And still others may build teams that are not cohesive or effective. The goal for any organization is to select and develop managers who build teams that achieve superior results across a variety of business situations.

The third step in resolving a problem is to define root causes and develop solutions. We believe ill-defined expectations for different leadership levels, a lack of accountability, and poor selection and development processes are the major contributors to managerial incompetence. What is noteworthy about these four root causes is that they are relatively easy and inexpensive to fix and they are well within an organization's control. The following are some ideas about how to deal with each of these issues.

Defining Expectations. One way for companies to improve managerial performance is to define what leaders at each organizational level should be doing. By using the leader expectations outlined in Figure Three as a guideline, companies can develop an integrated set of competencies that describe what incumbents should be doing at different leadership levels. We used this approach to help a large company in the waste industry clarify expectations for first-line supervisors and mid-level leaders. The company acquired a large number of smaller hauling and landfill operations, and the expectations for leaders in these companies were usually not defined. The performance of first-line and mid-level leaders was dramatically improved by defining and training the activities associated with these two leadership levels. Unfortunately, many companies develop competency models that are supposed to apply to both first-line supervisors and executives, yet the skills needed in these two jobs vary dramatically.

Figure Three

Leader Transitions

Transition Phase	Key Challenges
IC to First-Line Supervisor (Sales Rep to Sales Mgr)	1. Leading teams of and getting work done through ICs: ▪ Setting goals and priorities ▪ Delegating tasks ▪ Implementing change initiatives ▪ Coaching and training ICs ▪ Managing the performance of others ▪ Managing expenses 2. Valuing managerial work. 3. Letting go of some IC work.
FLS to Mid-Level Leader (Sales Mgr to District Mgr)	1. Leading teams of and getting work done through FLSs. 2. Hiring, coaching and developing FLSs. 3. Doing strictly managerial work: ▪ Creating local plans for change initiatives ▪ Managing revenues and/or expenses ▪ Monitoring FLS unit performance 4. Letting go of all IC/FLL work.
MLL to Functional Leader (District Mgr to VP of Sales)	1. Leading teams of and getting results through MLLs. 2. Understanding how function contributes to the overall P&L of the business unit. 3. Understanding all parts of the function. 4. Managing unfamiliar subfunctions. 5. Thinking strategically about the function. 6. Letting go of MLL bias.
FL-Business Unit Leader (VP of Sales to President)	1. Understanding the overall industry and business. 2. Thinking strategically about the business. 3. Creating strategies to improve business results. 4. Leading teams of FLs and optimizing functions to get business results. 5. Managing unfamiliar functions. 6. Dealing with multiple stakeholders. 7. Letting go of FL bias.

Adapted from Charan, Drotter, & Noel, 2001.

Instilling Accountability. Research by Kouzes and Posner, the Center for Creative Leadership, and Personnel Decisions International shows that the most important attribute for any leader is integrity. Key components of integrity are behaving in a manner consistent with corporate values and following through with commitments. Are the company's corporate values standards to lead by, or are they simply marketing fodder for potential investors or customers? Despite the millions of dollars spent on developing corporate values, vision and mission statements, employees will mimic what their leaders actually do, not what some poster says they should do. Unfortunately, the results of the exercise at the beginning of this article as well as more rigorous research indicate that many managers are poor role models for their staffs. Many corporate executives bitch and moan about their corporate cultures, but most fail to realize that they are the ones who created it in the first place. If companies are serious about creating a high performance culture, then they need to systematically weed out all those executives who fail to get results and build teams—no matter their level of technical or financial expertise. Otherwise their exhortations will amount to nothing more than the equivalent of passing around gas masks.

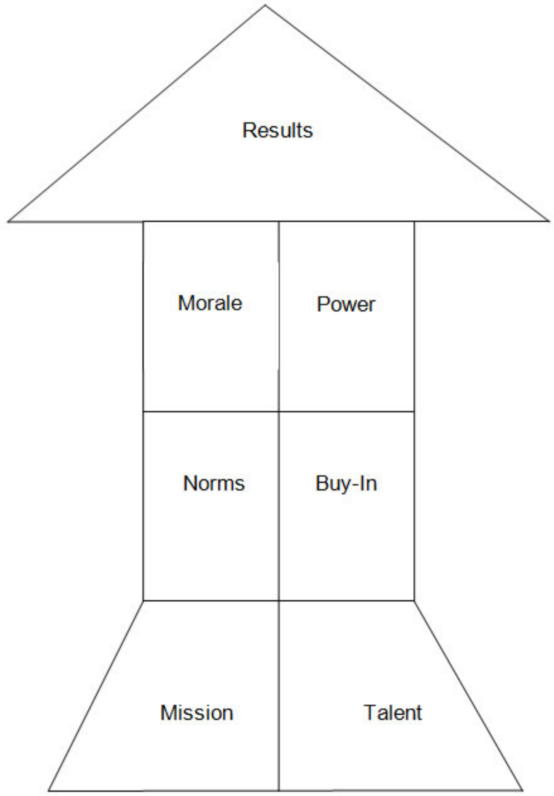
Persuading managers to act in a manner consistent with the company's values and their organizational level is the first step in instilling accountability. A second step is for bosses to hold their staffs accountable for results. This can be done by implementing performance management systems with real teeth. But a performance management system is only as good as the people using it, and many managers seem reluctant to evaluate their staff. This is particularly true of top managers, who rarely conduct formal performance appraisals. Instilling accountability starts at the top, and executives need to maintain high standards of performance among their staff if they want to create a culture of accountability.

Adopting Better Selection and Succession Planning Processes. Another way for companies to reduce the managerial incompetence is to use better selection and succession planning processes. The more successful processes review both current performance and long-term potential, and incorporate structured interviews, mental abilities tests, personality measures (including dark side trait assessments), and 360-degree feedback. Although 360-degree feedback has gotten somewhat of a bum rap over the years, well designed and implemented multi-rater feedback processes can provide unique information about succession candidates. Taken together, these measures are relatively easy and cheap to administer and provide decision makers with much better information than unstructured interviews about person-job, leadership, and organizational fit. Given their low cost and proven effectiveness and the consequences of hiring poor decisions, there is no excuse for companies not to adopt these more rigorous methods for identifying and promoting their leadership talent.

*Creating Stronger Leadership Development Programs.*Defining expectations for each leadership level, holding leaders accountable for the ends and means of leadership, and using assessment results to select leaders will significantly reduce managerial incompetence. However, two additional steps can further reduce the incompetence rate. First, bosses need to hold their employees accountable for what they learn in training or development programs. No matter how good the program content, there will be little systematic retention of knowledge or noticeable change in behavior unless attendees are required to apply what they have learned. Bosses must provide clear expectations about what they expect attendees to do at the end of a leadership development program, and reinforce these expectations by insuring attendees have written development plans and providing them with on-the-job feedback.

Second, persons in leadership positions need to know how to build high performing teams. The diagram in Figure Four provides a simple yet effective framework for doing this. The Rocket Model is both prescriptive and diagnostic—it tells leaders what to do when forming a new team and what to do when teams are not performing appropriately. When building a team, it is best to start with Mission and Talent—what is the purpose of the team, what are its key goals, and who needs to be on it? One key issue here is clarifying what the leader brings to the table. What technical, operational, financial and leadership skills and experience does the leader have that will help the team achieve its goals? What other talent does the team need to successfully accomplish its goals?

The Rocket Model



Once these Mission and Talent issues are clarified, leaders should then focus on Norms and Commitment—who does what, how does the team make decisions, what are the rules about communication, and how does the leader increase buy-in to the team's goals? Power and Morale are the last issues to be addressed, and these concern having (or acquiring) the equipment, facilities, budgets, or decision making latitude the team needs to succeed and insuring that everyone on the team is getting along. Teams that lack trust and quarrel internally have low Morale, but low Morale usually indicates that something is wrong with one of the other components of the Rocket Model. People don't get along because they are confused about the team goals, the team lacks the talent or resources needed to be successful, or some team members are not committed to team success.

An interesting aspect of the Rocket Model is that it applies equally well to the teams led by first-line supervisors and by senior executives. The model also provides a common language for teams, which helps them to better articulate their problems and what they need to do to fix them. Because every leader needs to understand how to build teams, the blocking and tackling skills for team building should be included in any leadership development program.

Summary. This article outlines an issue affecting every company in corporate America—managerial incompetence. We maintain that the incompetence rate for most companies is at least 50 percent, and incompetence can be defined as a manager's inability to achieve results or build high performing teams. Factors contributing to managerial incompetence include ill-defined expectations for managers, a lack of accountability, and poor selection and leadership development processes. The good news is that it is relatively inexpensive to deal with many of these issues, but to do so will take some concerted effort on the part of senior leadership. More specifically, companies need to define what persons in authority need to do at each organizational level, hold them accountable for results and building teams, and select people for leadership positions using more rigorous assessment processes. Finally, companies should use a common framework for building teams. Even if the managerial incompetence rate is less than 50 percent, it is clear that it is higher than it could or should be.

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