How the Mighty are Fallen

In ancient Nordic legend, when warrior heroes die they go to Valhalla, a place of great feasting, golden mead and limitless food. After sating themselves on wine women and song, they turn to their favourite sport, mortal combat. They fight till only one is left standing. Yet in the morning they rise again, whole and complete, to start their heavenly round of feeding and fighting again.

In March 2000, Chief Executives were resigning, retiring or getting fired at a pace of three per business day. By June, according to outplacement consultants Challenger, Gray & Christmas, the haemorrhaging had doubled, to an average of six per business day. In the last six months alone, we have seen Durk Jager (Procter & Gamble), Rick Thoman (Xerox), John McCoy (Bank One), John Reed (Citigroup), Dale Morrison (Campbell Soup), Bob Ayling (British Airways), Jill Barad (Mattel), George Fisher (Kodak Eastman), Hasso Plattner (Baan), Dino Adriano (Sainsbury), and Douglas Ivester (Coca Cola) bite the dust.

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From diamond mining to canned soup, from insurance to software, from toys to supermarkets, from banking to waste management, the corporate world is seeing a bloodletting unprecedented in its breadth and dimensions. Like the Viking warriors, these heroes will rise to fight again as CEOs of different companies, considerably richer than before. Yet the same blithe shrugging off of wounds and damage to reputation cannot be ascribed to the battered organisations they have left behind. Barclays Bank and Reed Elsevier took over a year to find suitable successors to the CEOs they removed, Marks and Spencer drifted for over six months, and the troubled software company Baan has had more CEOs than press releases can easily reconstruct in the two years since it ousted founder Jan Baan from the post.

In 1997, management thinkers were writing cogently of the need for careful succession planning in large corporations, and indeed several good models emerged from the likes of General Electric and Coca Cola. By 1998, there was concern that the average tenure of CEOs had declined to four years, and was falling. Of my year 2000 hitlist, half had not been in their jobs for more than two years. Corporate leadership consultants Warren Bennis and James O'Toole have now coined the term "CEO churning" to describe a pattern of turmoil and disorientation in the companies they leave behind (*Harvard Business Review* May-June 2000).

CEOs are sacked for lots of reasons: the pace of change is too slow; the pace of change is too fast; resistance from the middle managers and corporate culture; differences on strategy with increasingly assertive shareholders and board members; not being tough enough; being too tough; botching expensive acquisitions and mergers; financial mismanagement.

Of the high profile firings over the past year, common themes emerge however. CEOs of established companies are finding it harder to move their organisations into prosperity growth as fast as the markets they are competing in. Companies are being acquired without following through on structural and cultural change. Mergers are completed without following through on communications and culture issues.

Old economy CEOs used to autonomy and tough leadership styles are increasingly confronted by angry managers and shareholders who require greater accountability, more transparent information and communications. Everybody wants the CEO, suddenly, to listen to them. Not to mention the gut wrenching speed of technological change and transformed business models wrought by technology and mushrooming startups. Botched management of change, and botched communications underpin the failures to percolate necessary change through the organisation.

The risks of being a CEO are higher, of course. Nobody knows how long they will last, and boardroom coups engineer a nervous atmosphere of intrigue, mistrust and cloaked communications reminiscent of the worst aspects of Imperial Rome. New CEOs require costly "prenuptial agreements" giving them ever higher payoffs should they be given the shove before their time is properly up (Jill Barad of Mattel walked away with US$40 million). And good CEOs are ever harder to find; not simply because they are licking their wounds from the last lost battle, but because the skills sets needed now are ever more complex. Troubled companies are increasingly turning to "interim CEOs" to play the necessary bad cop and take on nasty corporate makeovers, before appointing more permanent "good cop" bosses.

Ousted CEOs live to rule again, it appears, after a few months' break. The companies they leave behind suffer more, because the issues they grapple with daily never go away. The new economy tensions have started to jettison leaders far more easily than is healthy, and these tensions continue to ripple through organisations in waves of conflict, stress and disorientation.

Most of us, apart from the most lucky, work in a divided, dysfunctional workplace. Our corporate and organisational structures are built on the principles of command, coordination and control, and so are our internal investments in systems and processes. As leaders and managers we play lip service to the rhetorics of empowerment, lateral communication and team synergies, but we maintain our reporting, decision-making, management information and authority systems in an uneasy parallel continuum, seeking to get the best out of both worlds, refusing to accept that they may be mutually exclusive. The schizophrenia of talking up the empowerment of our human capital while systematically reducing our dependence on increasingly disloyal individual knowledge workers through IT/IS knowledge capture systems, for example, is rarely recognised. We ask our employees to invest extra in us and promise in exchange an increased marketability in a rapidly evolving employment marketplace, but we fail to acknowledge that our promises are always in an indefinite future, and we too rarely provide for increased marketability within our own organisations.

Our management investments are almost always in systems for coordination and control, whether human or technical, and most CEOs we recruit reinforce these principles to deadly effect. We invest negligible amounts in the influencing of human culture within our workplaces, and in the influencing of human attitudes and behaviours, despite the swathes of evidence that demonstrate the costs of ignoring them, and the enormous benefits gained by organisations that *have* invested in them.

We lack the courage to invest in the human, and we comfort ourselves with a rhetoric that persuades us we have done so. To take just one example of this, review the executive appointments section of the newspaper and look for Knowledge Manager, Network Manager, IS Manager, Human Resource Manager posts. They are all posts which have well-defined technical and professional requirements, as well as a proven track record of experience and achievement. Nine times out of ten, you will find within the key requirements of these posts "good interpersonal, teamworking, and communication skills", up there with C++ and XML programming, TCP/IP, object oriented methodologies, manpower planning, compensation/benefits and industrial relations. Increasingly, the ability to manage change is being incorporated into such requirements. And it is right and proper that such qualities should be recognised.

The schizophrenia lies in this: while there are public benchmarks for measuring C++ and payroll management abilities, we have no standardised way at all of assessing a person's interpersonal communication or change management skills, beyond subjective testimony through referees and our own impressions at interview. Some organisations use psychometric testing to persuade themselves that they are measuring something, and despite the dubious links between a person's interpersonal abilities and their performance in a test, at least these organisations are attempting to measure something. Most of us do not even attempt to achieve such a measure. The PSB's national certification programme called Critical Enabling Skills Training (CREST) is the first time a broad range of soft skills critical to the knowledge-based workplace has been established as a standard of achievement and performance. The programme is a year and a half old, and not one of the employers that asks for "good interpersonal communication and teamworking skills" has asked for evidence through CREST certification.

So there it is: we recognise these soft skills as core to the requirements of a post, heck, we pay for the extra space to put them into our advertisements, up there with the four other most important criteria for appointment. But we neither measure objectively nor invest substantially in making these qualities central to our workplace. We perpetuate doublethink in our organisation, so that even while sending our frontline workers on communication skills training courses, we pursue filtering and "need to know" policies at higher levels. Good training managers know that the most common refrain from a successful interpersonal skills course for front-line workers is "Why don't you send my manager on this course?"

We know these skills are important. We know they are good for us and our organisation. But the very fact that we don't know how to measure the impact or effect of such skills training demonstrates that there is a radical discontinuity between how our organisation actually works, and how we prepare ourselves to work for it. Worse, we do not know how to define the qualities we really need from our leaders. Gone is the day of the macho, mead swilling corporate warrior CEO. Let's have some sense here, and a more humble generation of leaders who recognise their limitations yet know how to exploit the strengths of others.

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