CHAPTER ONE

Arrogance

You're Right and Everybody Else Is Wrong

If Othello were CEO of Enron and Oedipus Rex in charge of WorldCom, they might well have made the same mistakes as Jeff Skilling and Bernie Ebbers. In tragedies both ancient and modern, leaders fall because of arrogance. Defined as "excessive pride" and inflated views of self-worth, arrogance routinely derails the best and the brightest. It thrives on success, confidence, and ego, and if you have plenty of any of these, beware! Many current and former CEOs, such as Gary Wendt, Martha Stewart, Durk Jager, and Robert Horton, have been described as arrogant, and that perception contributed to their failure in the top jobs.

One of the toughest balancing acts in the leadership business is between confidence and too much confidence. If you're going to succeed as a leader, you need to have confidence in your abilities. If you fail as a leader, you may have too much confidence. This oversimplifies the concept of arrogance, but it hints at the fatal flaw that infects so many CEOs.

Arrogance, from an organizational leadership perspective, is a kind of blinding belief in your own opinions. Under normal circumstances, smart leaders can see when they're being too stubborn, single-minded, and self-righteous. Unfortunately, most leaders today operate under highly stressful circumstances where they don't see how their actions are hurting themselves and their companies. From their perspective, they seem to be operating with the same insight and single-minded vision that helped them

rise to their position of prominence. They see resistance as irrational, and their position as infallible.

Are you in danger of becoming a tragic hero? To help answer that question, here's a look at some real leaders we have recently encountered who failed because of arrogance.

Self-Blinding Brilliance

By the age of forty, Linda was a top executive in one of the world's largest global companies. She had the classic pedigree—Ivy League undergraduate, Harvard MBA, a few stellar years at McKinsey, and then a quick climb up the rungs of her current company. If you asked people what Linda was like, their inevitable response was "brilliant." It wasn't just pure intellectual ability. Linda had a knack for solving business problems, for cutting through all the information and verbiage and homing in on just the right answer. She was a leader in the classic mode: assertive, decisive, and highly strategic. It wasn't a question if she'd be a CEO some day; it was just a question of when.

The more position power and influence she gained within the organization, however, the more assertive she became. It reached the point where, according to one of her direct reports, "Linda was no longer able to manage her own arrogance." Her conversations became lectures and her team meetings became a forum for her to belittle ideas that were inconsistent with her point of view. This is not to say that Linda changed in any way. In fact, she became too intensely like herself. She still was coming up with terrific ideas, but they came at a cost. She stopped reading social cues. She didn't get it when her team sat there quietly as she

perorated about a new pet project. Slowly but surely, Linda lost trust and respect among her peers. She became so convinced of the rightness of her perspective that she turned others off. People no longer sought her out or wanted to work with her. Not only did she lose some valued direct reports who left to join other functions or teams, she became embroiled in petty feuds with other top executives over direction and resources. Each argument ended with the other executive saying something along the lines of, "You seem to be certain that you're right," and Linda responding, "That's because I am."

She was shocked, therefore, when the CEO called her into his office and told her she was not in line to succeed him and, in fact, would be working for a peer. It wasn't as if she'd never received a signal; the CEO and other senior people had talked to her about the problems her overly confident stances were causing. Linda claimed that she thought they were just coaching suggestions; she assumed her considerable contributions to the company made her invulnerable.

Even after her career ascent was ended, Linda still had trouble believing she had been derailed. She insisted that it was a matter of principle; that she had stood up for what she believed in and the culture of the company wasn't receptive to strong, tough-minded female executives. Though Linda recognized that she was "somewhat intolerant" of views that clashed with her own, she claimed that she was primarily intolerant of "mediocre thinking" and was only seeking to raise the performance standards of her peers.

Linda was justifiably proud of her ideas and accomplishments, but at a certain point, she crossed the line. Her arrogance distorted her view of reality; she failed to see how her actions

were affecting others. It wasn't a big distortion, it was a subtle one. When you reach senior leadership levels, however, even small distortions can have a big impact on your career. It was why Linda failed.

Linda, of course, has plenty of company in the arrogance department. The story of Enron's CEO, Jeff Skilling, has been extensively documented by the media. What has not been well documented, however, is how Skilling's pride segued into arrogance. No doubt, Skilling's tremendous confidence in Enron's innovations in trading natural gas and electricity impressed financial analysts. No doubt, his conviction that Enron was a company destined for greatness boosted employee morale and helped attract the best and the brightest. Over time, however, this pride became excessive. It caused the company to display a banner in its lobby proclaiming itself "The World's Leading Company." It prompted Skilling to boast that companies like ExxonMobil would soon become second-tier players and make excessively bold predictions about Enron's share price. He confidently led employee evaluation sessions sarcastically termed "rank and yank" to deal with those who "just didn't get it." If Skilling were not afflicted by arrogance, it seems unlikely that he would have denied mistakes and disavowed wrongdoing even before the U.S. Congress. Arrogance, though, is blinding, and it apparently prevented Skilling from seeing problems that were apparent to everyone else.

Have You Crossed the Line?

Leaders most afflicted by arrogance are the ones most likely to deny its derailing effect on their careers. It helps if you don't think

of arrogance as a negative quality that must be eradicated. After all, everyone wants a leader with self-confidence. As you'll discover, the key is learning to step back over the line you crossed (or knowing where the line is before you take that fatal step) from self-confidence to arrogance. The following will give you a sense of the side of the line you're currently on:

You're willing to fight for what you believe in.	You're unwilling to give up a fight no matter what.
You believe that your perspective is the correct one after evaluating other points of view.	You believe that your perspective is the correct one before evaluating others' ideas.
You hold yourself accountable when your strategy or idea doesn't work.	You refuse to take responsibility when your strategy or idea doesn't work.
You adapt your strongly held viewpoint to jibe with new information or developments.	You reinterpret events to fit your point of view.
You possess a powerful ego that allows you to make an impact on others.	You possess a powerful ego that causes you to dominate others.

Remember, arrogance is *a blinding belief in your own opinions*, so you may find yourself rationalizing the results of this exercise. You may insist to yourself that you're on the left side of the line even though you're actually on the right. To make sure you know if this derailer is likely to cause your failure in the future, it's useful to study some classic symptoms of arrogance.

Signs and Symptoms

Arrogance has a tremendous impact on your career and your company, but it can operate in subtle ways during its initial stages. We've known a number of CEOs who recognize they are arrogant but don't recognize that it's severely limiting their capacity to gain the trust of other people. Here are some of the common negative impacts of arrogance:

- *A diminished capacity to learn.* Arrogant leaders reinterpret data to fit their own worldview. Instead of taking in new information and adjusting to it, this type of leader reconfigures the data to fit strongly held views. Thus no learning takes place. Many CEOs today are encountering people, product, and organizational complexities with which they have no experience. Too often, this doesn't stop them from feeling certain they know what to do. Similarly, arrogance discourages other people from giving this type of leader information. They've experienced the contemptuous stare, or the unwillingness to accept an idea contrary to the existing perspective. As a result, people stop trying to provide certain types of information and ideas, knowing they'll be skewered if they do. Arrogance, then, becomes an obstacle to learning. In today's environment, a leader who can't learn and adjust is someone who's bound to fail.

- *An offputting refusal to be accountable.* In other words, such leaders don't take responsibility for their errors. At senior levels, it is easy to blame others: "The organization doesn't get it," "The team didn't execute," or even, "The economy didn't behave." This demoralizes everyone around the leader and often makes bad mistakes worse. Excessive pride prevents people from seeing what they're doing wrong so they end up compounding their mistakes. Even the most brilliant of leaders can act this way. Robert Hogan refers to General Douglas MacArthur's refusing to follow the president's orders during the Korean War and being fired as a result, and MacArthur never was able to admit that he had made a mistake. Many CEO memoirs repeatedly say, "If given a chance, I would do the same thing again!"
- *Resistance to change.* Everyone knows a CEO or other top executive who achieved success doing it "my way" and then refused to depart from an earlier formula for success. These leaders are so absolutely certain that they possess the only right and true map that they resist anything that takes them off their chosen path. Many times they are correct, but more often this position leads to debacle and dismissal. Some of these leaders, however, know they must give the appearance of embracing change. They'll verbally endorse a new strategy and talk about changing with the times. But in their heart of hearts, they're convinced they know what's best and will resist change behind the scenes. This of course sends a confusing message to everyone and makes it difficult if not impossible to implement new policies and programs.
- *An inability to recognize one's limitations.* Arrogant leaders believe that they can do everything well. They are blind to their deficiencies, and this makes them dangerous to themselves and

others. To a certain extent, this blindness should be expected. When you've excelled at school, mastered a variety of assignments, and bested your competitors, it's natural that you should feel invincible. The problem, of course, is that this is an illusion. CEOs who believe they can handle every situation and who are willing to make decisions in areas where they have little or no expertise ultimately create tremendous problems for themselves and their organizations.

Pride Goeth Before a Fall: How to Catch Yourself in Time

Arrogance is a treatable disease. Before you fail—or before you cause your group or organization to fail—you can do a number of things to stop yourself short of failure:

- *Determine if you fit the arrogance profile.* CEOs with arrogance follow a remarkably similar path to the top. They achieve great success relatively quickly; they are showered with perks and praise; they passionately believe in their own vision and that they—and only they—are capable to taking the company where it wants to go; they surround themselves with people who share their vision and views. If this sounds like you, reflect upon whether your self-confidence and pride has turned into arrogance.
- *Find the truth-tellers in your organization and ask them to level with you.* This is not the same as telling all your people you have an "open door policy." Overly self-confident, intimidating people frequently have such a policy, but few direct reports take advantage of it because it's very difficult to approach an arrogant leader with anything new or disagreeable. Every company, however, has at least some truth-tellers—people who are almost pathologically direct and honest. Seek them out and ask them

how you're perceived. Use the cross-the-line test with them and let them place you on the arrogance continuum.

- *Use setbacks as an opportunity to cross back over the line before a big failure hits.* Sometimes nothing penetrates an arrogant leader's consciousness better than a small failure. At this point, a teachable moment occurs, and it's possible for even the most imperious, brilliant, and visionary CEO to recognize that arrogance will lead to downfall. As with all the derailers, arrogance-generated failure is an opportunity as well as a setback. Many times, derailers destroy careers because we're unwilling to acknowledge the trait that is making us less effective than we should be. We're so convinced that a given trait is "who we are" and why we're successful that we're reluctant to see the trait's dark side. Failure, though, gives us pause. It is especially useful for arrogant leaders who rarely stop and consider their vulnerabilities and flaws. This is the time to think long and hard about whether your excessive pride may have contributed to the setback. This is the time to ask the truth-tellers in your organization for brutally honest feedback. If you accumulate enough evidence that your arrogance was the culprit, you may be motivated to change.

Different Forms, Same Results

As you contemplate your arrogance, be aware that it manifests itself in different ways. The classic way is the visibly arrogant, insistently right leader who rules an organization as if born to the throne. It's also possible, however, for arrogance to catalyze failure in a less obvious manner; arrogance can be internalized, resulting in behaviors that look different but still reflect the same

trait. Here's a look at these two extremes of arrogance, starting with the classic model.

Al Dunlap, formerly CEO of Sunbeam and Scott Paper, features in perhaps the best-known story of CEO arrogance. Dunlap's radical actions after becoming CEO of Sunbeam, undertaken in the name of "increasing shareholder value," were applauded at the time: reducing labor costs, closing factories, and controlling expenses. His disregard for the impact of his decisions on people earned him the nickname "Chainsaw Al." What is less well known is that while undertaking these actions, Dunlap also gave himself large pay increases, first-class air fares, and a free Mercedes car. Although the Sunbeam headquarters was in Florida, Dunlap demanded the right to stay at the Four Seasons Hotel when he visited his dentist in Pennsylvania, among other executive perquisites he required to help him manage the stresses and demands of his job.

Dunlap's style has since been discredited, and he endured and settled shareholder lawsuits about his role as CEO. But his case is illustrative, and not entirely different from that of many leaders who come to identify with their appointed role, believing in not only their infallibility but also their entitlement. Dennis Kozlowski, John Rigas, Samuel Waskal, and Joseph Nacchio are examples of CEOs whose excessive belief in their own self-worth, at least as evidenced by their pay packages and decision-making processes, blinded them to the real interests of their shareholders.

Contrast this classic example of arrogance with another, different version we've encountered. Matt was the division president of a very large corporation. No one would accuse him of being closed-minded or surrounding himself with yes-men. He had a

real open door policy, and people used it. Matt, however, committed the sin of arrogance, albeit in a more subtle manner than Dunlap. Matt was a process guy; he firmly believed that process excellence was the answer to everything. It was his religion, and it had served him well throughout his career. As a result, he tried to force process into his company's market and sales-driven culture. When people resisted his efforts, he ignored their resistance and kept pushing. His almost obsessive certainty that process excellence would solve everything ultimately alienated everyone, including the company's CEO. We worked closely with the CEO, and we warned Matt clearly that his arrogance was going to get him fired. Unfortunately, his blinding confidence in his own views made our feedback irrelevant. Despite the warning, he persisted, convinced that his company's weaknesses must yield to his process focus and that his crusade would vindicate him by delivering better results. Matt was eventually fired—not because his process ideas were bad or even wrong for this company, but because he couldn't adapt his ideas to the company's culture and core strengths.

Arrogance, therefore, can be highly visible and more subtle. In either case, it can lead to the downfall of careers and companies.