

The fall and rise of a CEO: coaching faltering leaders

Seasoned CEOs can experience a severe leadership crisis and succumb to it at a high personal cost. Research conducted by the Excellent Leadership Company uncovers the triggers and drivers of such a crisis, and suggests how coaching can support the CEO in reversing the crisis or in healing after it.

The structure and patterns of an organisational change

Leading an organisation through major change - be it a merger, downsizing or privatisation - is a high-risk endeavour for the leader and a trying time for his people. Both start from a place where it is clear what is expected of them. There is balance between what they need/want and can receive, what they give and what they take. This clarity provides a sense of security and is a foundation of their identity. The process of change, however, upsets this precious status quo.

The leader will need to ask his people for a sacrifice if he is to successfully transform the organisation. This can entail people giving up on something meaningful and familiar and embracing a new daily habit or a different way of thinking. Even a radical shift in loyalties can be required. In return, the leader offers his people but the possibility of a better future.

The gap between what the leader promises and what his people experience in the moment becomes the source of resistance. In order to have his people embrace change, the leader needs to canalise this resistance and re-establish a balance. The starting point for this is a positive vision of the future. It also means that the leader has to have a crystal clear picture of his role during the process of change and of the tools available to him.

In order to canalise resistance, the leader needs to understand the underlying issues and how best to relate to the organisation and its people. To canalize the resistance the leader needs to understand how to:

1. Be focused on everyday events and behaviour of his people. The leader has a vision and a strategy for realising it, but he also needs to focus on everyday events. He needs to observe the behaviour of his people and to be clear about their (hidden) agendas. This will yield clues about how much resistance he can expect, which will allow him to look for the most suitable channels to dispose of it. He also needs to be aware of the fact that day-to-day reality impacts his vision and strategy.
2. Engage the opponents of change and the undecided ones in order to win their commitment. Both groups have an interest in maintaining the status quo: they believe that change will make their future uncertain.

Winning their commitment means a step towards success of the change.

3. Manage the conflict. A conflict can develop either from differing views of how to shape the change or from the resistance to change itself. The leader does not want the conflict to produce too much tension because it will influence the productivity of his people. In dealing with the conflict, the leader should strive for consensus. To resolve conflict, the leader can establish workgroups, taskforces and project teams and engage his people in problem solving. He can also decide to slow down the pace of the change, set up rules and procedures or bring in (a team) coach.

4. Not solve every problem and not give all the answers although he feels people expect this of him. This requires courage from the leader because by challenging his people's expectations he will contribute to his own change and the change of culture in his organisation.

5. See to it that his people feel safe by introducing a transparent decision-making process, a clear set of tasks for everybody in the organisation and boundaries for those who do not want to accept the new equilibrium. Leader's people will also feel safe if his own actions are transparent and he is walking his talk.

If those who lead are caught unawares and do not respond adequately to resistance, they run the risk of escalating the conflict. Consequently the organisation may develop a feeling of incompetence, a fear for the loss of loyalty and the loss of identity. An unmanaged resistance within an organisation can lead to the collective feeling of fear which in turn leads to the feeling of suspicion, or even panic.

If the leader has no adequate answer to the growing resistance to change, his people will strive to restore order and maintain what is familiar to them. It is often the middle managers that take the lead in this. Obviously, in doing so they will not take responsibility for the change and they will not hesitate to bring the leader down because he is responsible for the situation they are resisting in the first place.

The hazard of having order restored by the people and not by the leader can take numerous forms. To start with, there is plenty of discussion about the leader's style rather than his intention and initiative for change. This may undermine his authority. In this situation he may find himself seeking approval of his supporters by letting them off the hook and not demanding they contribute to his initiative.

Alternatively, he may find himself buried in day-to-day tasks. Preoccupied, the leader will have neither time nor attention for what is going on and what the impact of his initiative for change is on his people. They desperately want to restore the old order, go back to what is familiar and generally skip this

challenge to adapt to yet another change. They resist the change and try to remove their main obstacle: the leader.

Leading the change also has an impact on the emotional, physical and intellectual state of the leader. If he doesn't take care of this aspect of his leadership, the leader is setting himself up for failure.

During the change the leader has to be there for his people, understanding their wants and needs but can often expect criticism rather than acknowledgement in return. This situation is often emotionally challenging and in order to stay effective the leader needs to be able to distinguish between his identity and the role he is playing. If he fails to do this, he can grossly undermine his sense of identity.

In addition to the emotional challenge a physical challenge may also arise. The leader works long hours and has sleepless nights because he needs to figure out how to deal with all the challenges. This wears out the leader.

In order to manage his state and maintain a healthy emotional balance between his role and identity, the leader needs to:

1. Understand how to make use of his inner tools in order to activate his emotional resources and protect himself. These resources will enable him to distinguish between his personal identity and his professional role, and heal any damage to his self-worth brought on by those who confuse the two. It will enable him to remain calm through what seems personal criticism and attack and stay focussed on the change issues.
2. Know what competences he needs to possess in order to fulfil his role successfully. He needs to be able to develop a vision of the future his people share with him; he needs to be able to display professional mastery, to display courage and to have the competence of motivating and coaching his people.
3. Understand what influences his own behaviour and how.
4. Relate to his people.

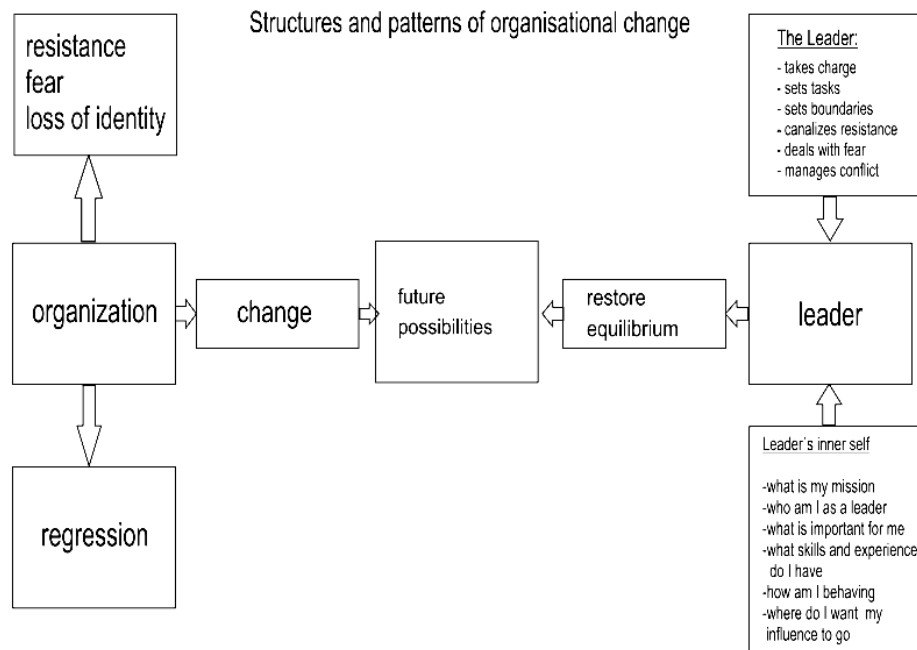


Table 1. Structures and patterns of organisational change

What makes a good leader of change?

A good leader allows his people to 'burden' him with their wants and needs in times of change, interpret them and provide for them up to a point. He canalises resistance, differing opinions, behaviours and aggression. He provides a safe space even when he is personally under attack, because he knows that the attack is a projection of the pain brought on by the change. He offers the perspective of the new future. He sets boundaries that he himself respects unconditionally. He promotes cohesion among his people. He reflects and observes, he is the memory and the conscience of his organisation, but above all he is not perfect and fails occasionally. A realistic leader generates frustration and satisfaction, aggression and admiration and, above all, is tolerant and present.

The reality of organisational change is tough for both the people and the leader. They both go through a considerable amount of pain before they achieve their goals. Some leaders, however, never get there: in this case we speak of faltering leadership.

How the leader trips over his shoelaces

The ELC studied 14 CEOs who faltered and were dismissed from the organisation by their Supervisory Board. The study shows that leaders crash and burn because they do not recognize the early warning signals, because they develop a negative sense of identity and, ultimately, place their own interest before that of their organisation.

The research yields a model of leadership crisis. It shows the underlying patterns of behaviours and thoughts that ineffective leaders exhibit throughout the build up of the crisis. While each crisis is unique, this model shows some of the common mistakes that eventually lead to the dismissal of the CEO. By being aware of these pitfalls, leaders and their coaches can either prevent or mitigate a crisis, and avoid damage to the both the leader and his organisation.

1. Blind for the signals

In our study the leadership crises of a CEO leading the change lasted between 9 and 12 months and could be divided in three phases. The first phase coincides with the start of an organisational change, such as a merger, restructuring, or downsizing. During the first 100 days we found early warning signs in each of our case studies.

One sign was that something unanticipated occurred which took the CEO by surprise. In one healthcare organisation the CEO faced an unexpected bad financial result, which led to an “unfriendly” conversation with his CFO. In another organisation the director of a business unit came back from his sabbatical to find that his colleagues were criticising the way his unit had been operated during his absence. In another case the new job did not meet the initial expectations of the CEO.

Another sign was the CEO's feeling of unease about his actions related to the upcoming change. “I was disappointed that nobody appreciated my plan”, said one CEO. Another CEO said he did not feel confident about the future and a third felt frustrated that nobody seemed to appreciate his efforts. All these leaders were oblivious to these first signals of resistance and were mentally unprepared to deal with it.

2. An ineffective response to resistance

All the leaders we studied were late to recognise resistance to change in their organisation. By the time they did recognise it, the hostility was palpable, feelings of disloyalty were visible and the negative feedback loud. Caught unawares the CEO exhibits a knee-jerk reaction: he deals with the problem in the way that comes most natural to him e.g. he remains doing what he does best. For one CEO this meant defining a change strategy, for another it was

redesigning work processes and the organisation's structure, while a third busied himself with defining an overall strategy for innovation.

These CEOs worked hard but stayed nevertheless within their comfort zone, working from their core-strength. They failed, however, to canalise the resistance, allowing it to expand. As a result there was growing hostility and negative feedback from their people which in turn influenced their behaviour: "I started looking over my shoulder," said one CEO. "I barely spoke to anyone, and my office was my favourite place to stay," said another.

This behaviour generates more negative feedback and when the leader realises his people refuse to follow him, the crisis becomes acute. He is no more capable of producing the desired result, e.g. a shared strategy for change or to build a good working relationship with his merger colleague.

This second phase is disastrous for the leader. Because of incessant negative feedback and his inability to produce the result he wants, the leader develops a negative sense of identity. He ends up believing that he is to blame, that nobody appreciates him and that his leadership is inadequate.

The creation of a negative sense of identity goes hand in hand with emotions like grief, feeling of being isolated, and depression. What the outside world notices is negative, even self-destructive behaviour, which strengthens the conviction that the leader is no longer capable of leading.

3. The fatally wrong choice

At the start of the change our leaders fully supported the organisation's goal. They worked towards a successful merger, a cooperative relationship with the CEO from the merging organisation, or a successful restructure.

It is towards the end of the second phase of the crisis - when leaders develop a negative sense of identity and emotions – that the feeling of being burned and crushed overwhelms them. This marks the start of the third and final phase: unable to bear this burden any longer, the leader comes to the point that he decides to put his own interest before that of the organisation: he decides to leave, to change his job or fight his supervisory board.

This dramatic change of orientation towards their own interest marked the point of no return: the crises became irreversible and ended sadly in the decision of the supervisory board to dismiss the CEO. For all our CEOs the curtain fell and they were left with grief, depression or serious illness.

What happened?

Most leaders succeed in canalizing resistance in such a way that the future has a chance. The question then is why some CEOs falter and eventually fall. Most of our CEOs were seasoned professionals, some with a proven track record in leading change elsewhere.

We will try to give an answer to this question by applying a model developed by NLP expert Robert Dilts, called Levels of Learning and Change. This model allows us to put the events during the second and the third phase of the crisis and their impact on our CEOs into a useful framework.

The model

“You can not solve the problem with the same level of thinking that is creating the problem”, Albert Einstein

Levels of learning and change are a way of identifying and organizing how we think about our identity, our beliefs and our behaviours and describes our relationship with others. It allows us to discover the deeper source of observable behaviour that, in turn, allows us to tackle the root cause of the observable behaviour rather than its symptom.

Table 2. Levels of learning and change

Purpose	Determines the overall vision behind the actions: “I fully serve the organization and its (change) goals”
Identity	The sense of self, determines the self-image: “I am the right leader for this change”
Values/beliefs	Influences people’s hearts, it influences capabilities and skills: “I can make the future compelling and bring this change to a good end”
Skills/Capabilities/	Guide behavioural actions: “ I am capable of adjusting my behaviour throughout the change”
Behaviour	Influences and gives direction to peoples actions: “My behaviour is authentic, in accordance with my values.”
Environment	Relates to people’s reaction: “I do not take the negative feedback personally”

Using this model we entered the quotes from our CEO's about how they thought about their purpose, identity, about beliefs they held about their competences and gained the clarity about the way this lead to their self-destructive behaviour.

Table 3: The leaders in crises

Level	The leader in crises
Purpose	I want to save my "skin"; I want all this to stop
Identity	I am a wounded soldier; I am incompetent; I am a surfer on the wild sea; I am slowly dying
Beliefs	I cannot handle this; I do not know what to do, it's my fault that things do not go well, They dislike me; They do things behind my back.
Competences	Do they have the right competences or do limiting beliefs and their negative self-image block these?
Behaviour	I avoided talking to anybody; Everybody let me down so I just sat in my office; Because I felt guilty I behaved rather forced.
Environment (feedback)	Because of your plans we have to work much harder; Since you came here you have done little else but control us

The early warning signs and developing resistance to change from the first phase influence the higher levels negatively. The hostility and the lack of cooperation in phase 2 are what truly undermine the leader's identity. He develops limiting beliefs about his capabilities to deliver the desired result. His behaviour becomes negative, ultimately destructive. The consistent negative feedback from his people makes the leader to change his goal (purpose), after which the curtain falls.

The fall and rise of a CEO, how to coach

It is possible to prevent the change process from escalating into an organisational and personal crisis. It is crucial for a leader to recognize the early warning signs, become aware of the developing resistance and reacting to it with competence. It is also crucial that the leader understands his role and takes care of his “inner self”.

If the leader himself is not aware of the signs and consequently of the need for appropriate action, there is nobody around him to show him the way. If he is fortunate to work with a coach or a mentor at the time, they will be the ones to help him focus on the right direction. The knowledge his coach/mentor has of the structure and patterns of change process in the organisation and of the dynamic of the crises of leadership might prove to be a powerful advantage in coaching a CEO throughout the crises.

The coach/mentor will initially use this knowledge during the intake conversation with the CEO. He will typically look into the following:

- the time-frame: when did the change start (*where the client is now*)
- the nature of the change (*what competences the leader needs to have*)
- how much time is the leader spending doing what (*is he still in his comfort zone*)
- a picture of how the leader is managing resistance, what strategy he has for managing conflict, fear and for canalizing resistance
- a picture of the CEO’s emotional balance: does he understand his role, how does he take care of himself.
- a picture of the quality of CEO’s relationship with his people, his peers and his Supervisory Board

At every stage of the crisis the coach will **choose a different focus** in order **to move his client in the direction that will generate the right action and give him access to the new resources**. An overview of the phases the leader may find himself in during the crises, together with the coaching focus, are presented in table 4.

We also added a 4th phase: the rise of the CEO after a fall. This is a very delicate period for a CEO because he needs to be ready and willing to turn his past experience into new learning.

This phase is important for the coach because this is often where the coach first meets the client. We will be further discussing this rich topic in our upcoming book, expected in the early months of 2008.

Table 4. The fall and rise of a CEO, how to coach

What is going on in the organization	The change	Growing resistance:	More resistance mistrust,	
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	Events take unexpected turn	mistrust, gossip, hostility Negative feedback: criticism, attack on leadership style, refusal to cooperate	gossip, hostility Negative feedback: criticism, attack on leadership style, refusal to cooperate	
What is the leader doing	<p>Phase 1: Lull before the storm</p> <p>The leader has a feeling of unease</p> <p>The leader is not aware of the signals</p> <p>The leader is in his comfort zone, doing what he does best</p> <p>The leader supports the organizational goal</p>	<p>Phase 2: The storm</p> <p>The escalation of crisis: negative feedback, lack of results.</p> <p>The leader remains in his comfort zone</p> <p>The leader's identity, values and beliefs fuel self-defeating behaviour.</p>	<p>Phase 3: The shipwreck</p> <p>The leader chooses to serve his own interest.</p> <p>He is burned and crushed. He feels isolated, depressed, and ill.</p> <p>He is asked to leave the organisation.</p>	<p>Phase 4: The rise</p> <p>The leader is ready to start again. He gained insights from his past experience.</p> <p>He is ready for new learning.</p> <p>Has a need to discover his new strengths and develop resilience</p>
How to coach/mentor	<p>Focus: Challenging the leader's comfort zone</p> <p>Questions challenging the leader to think outside his comfort zone:</p> <ol style="list-style-type: none"> 1. What is your challenge as a leader, what is your role? 2. What result do you want to create? 3. What does your shared future look like? 4. How will you 	<p>Focus: Challenging the leader's "inner self"</p> <p>Questions challenging the leader to explore his "inner self":</p> <ol style="list-style-type: none"> 1. What is your mission and how does it serve this organisation? 2. Who are you as a leader of this organisation? 3. What is important to you, what do you 	<p>Focus: Supporting the leader's loss and grief</p> <p>Questions supporting the sense of being made whole:</p> <ol style="list-style-type: none"> 1. Facing this challenge how can you clarify your values? 2. How can you include others in giving you emotional support? 3. How can you regain your integrity and 	<p>Focus: Challenging the leader's adaptability</p> <p>Questions challenging the integration of past experience and new learning:</p> <ol style="list-style-type: none"> 1. What have you discovered about yourself? 2. How will you integrate this learning in your new challenge, how do you need to adapt? 3. Do you have the necessary competencies?

	learn in spite of your discomfort?	believe about yourself? 4.What behaviour do you need to demonstrate? 5. Who do you want to influence?	courage?	4.How can you develop resilience?
	Result: visualizing the future, making a shift from reactive to proactive	Result: a shift from insecurity to own values. Finding new resources Elevation of interpersonal influence.	Result: (self) acceptance, sense of being made whole, generating hope	Result: integration of past experience and new learning. Seeking a new challenge.

Summary

It is very well possible to prevent an escalation of professional and personal crisis due to ineffective leadership of change. For the leader it is crucial to recognize the resistance within his organization and to react to it competently. If the leader, for whatever reason, is not capable of recognizing the resistance there is oftentimes nobody else to point this out to him. A coach /mentor can help him there. A coach/mentor with understanding of the structure and patterns of ineffective leadership as well as the origin of resistance can support the leader in dealing with it. He can help the leader develop the necessary competences, develop the strategy for managing resistance and coach him to adopt a more proactive behaviour. He can help accelerate the leader's learning and strengthen his feeling of identity and so prevent the leader demonstrate behaviour that will fuel his people's doubts about the quality of his leadership.

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