

Hello, this is Wayne Rivers at The Family Business Institute. Thanks for tuning in. Last week, we talked about *Leadership Is an Art* by Max DePree. Great book, please get it. It'll be well worth your time. This week I want to do a counterpoint. I want to bounce off a book that was written in about 2012, called *Why Smart Executives Fail* by Sidney Finkelstein. In the book, he looked at the spectacular failures of the '90s and early 2000s, companies like Tyco and Enron, which was oh my Gosh, what a crazy story that was. He examined those companies, and he tried to figure out what were the flaws in the leaders of those companies that caused such spectacular flops.

So, here I want to talk about the seven habits of unsuccessful leaders. There's Covey out there, you know The Seven Habits. The seven habits of unsuccessful leaders. So, number one. The first thing is they think they dominate the market. They begin to read their own press clippings and think the company that they created is great and they're business geniuses and all this. Irrespective of what field you're in, let's say you're in construction. All right. And your company disappeared from the face of the Earth, and you had 100,000 square foot warehouse projects that you uniquely could build. Do you think the owner of that project is going to be able to get it built with satisfactory quality in a satisfactory schedule in your absence? You're darn right.

Most of us in business think we have this unique flavor, this unique thing that we've created, and we really don't. We're mostly commodities. If The Family Business Institute went away, I bet somebody else does terrific blogs and somebody else could do consulting and somebody else could run peer groups as well as we do. Not as well as we do, but you know what I mean. All right. Maybe I'm falling prey to the first unsuccessful habit.

The second thing is they don't have clear boundaries between their business lives and their personal lives. Sometimes we've had ... Gosh I was talking to somebody this week and they've got a family member that just feels entitled somehow. And they don't know, they can't pinpoint a moment in time when this happened, but the behavior has gone from really hard work and keeping his nose clean and being a wonderful contributor that got along with everybody to almost 180 degrees and taking more and more time away from work and not pulling his weight and feeling entitled and demanding more money. Boy, just really crazy. I think you may have heard, on a separate note, you may have heard me talk about business first family businesses versus family first family businesses. Business first family businesses create \$6 of net worth on average for every \$1 of net worth created by family first family businesses. So, keep the needs of your company primary. Treat the business as a business, treat family as family. Keep the two separate. Don't let that boundary get blurred.

The third thing is they think they have all the answers. We talked about Max DePree last week, and he talked about abandoning, the leader abandoning him or herself to the strengths of others. If you think you have all the answers and everybody else is a dolt, that's a reflection on you because you're unable to attract the kind of talent that you really need most likely. If you're the kind of person that has to make all the decisions, that's fine. That's your style. Maybe it works for you. But you're missing out on getting talent.

If you're a business genius, I don't mean that in a sarcastic way, because some of our clients really are business geniuses, and you're already here and you're doing so well. What if you got a couple more geniuses to work alongside you? What if you got a Scottie Pippin to work alongside your own personal Michael Jordan? Couldn't that just raise you to a different height? So, you don't have all the answers. The wisdom of crowds, and Max DePree will tell you that two heads are better than one, 10 heads are better than two, etc. etc.

The fourth unsuccessful habit is they get rid of people who they perceive aren't behind them. Again, in the meetings blog from a few weeks ago, as well as in other blogs in the past, you've heard me talk about the need to have some disagreement and some debate in your meetings. For those of you that resent debate and just want everybody to swallow your words without question, and just do it, do it, do it, that's a potential sign that it might be coming off the rails a little bit.

The fifth item is they obsess over the company image. Again, they don't have that boundary. They see a criticism of the company or a criticism of a process or a criticism of quality as a personal criticism, and clearly, they're not the same thing.

The sixth unsuccessful habit is they underestimate obstacles. Boy, do we see this all the time. Think about it, it makes sense. Let's say you've got a 70-year-old business leader. Well, that person probably started his company pulling himself up by his bootstraps, very little if any capital behind him. Made a lot of mistakes but survived. Every time there was a substantial challenge, he was able to figure out how to work harder or work smarter or do something different and overcome the challenge, overcome the challenge, overcome the challenge. And now, here at age 70 he's saying, "I've overcome every single challenge in my business life and my net worth is 10 million bucks. How come I just can't keep doing it?" Well, underestimating obstacles is a big mistake. There again, that gets back to ego. It gets back to the belief that they're dominant in their marketplaces, etc. So, the track record of winning actually creates a flabbiness that causes people to overlook new challenges and weaknesses they may have in their organizations.

The seventh unsuccessful habit is they stubbornly cling to the ideas and solutions that worked in the past. Dan Sullivan says usually entrepreneurs overcome problems by working harder. Well, at some point in your life, there's only 24 hours in a day. You can't work any harder. You've got to figure out ways to do it smarter. The only way to do it smarter is to give up some of the things that you've done in the past, so you can learn new skills and develop new capabilities for the future.

So, those are the seven habits. You think about somebody like Wayne Gretzky, he had this great saying. He didn't skate to where the puck was. He skated to where the puck was gonna be. You think about the greatest hockey player of all time. He wasn't a big guy. He wasn't the fastest. None of those things. He didn't have any obvious advantages. He skated to where the puck was going to be. That's the challenge for successful leaders. Figure out where the puck is going to be in your company and in your industry and skate there with your organization. If you look in the mirror and you see some of these seven unsuccessful habits resonating and hitting home with you, it might be time to sit down and pull a Wayne Gretzky and figure out with your top people where's the puck gonna be and how can we get there, and how can we break out of some of these unsuccessful habits that we've let develop in our organization. I'd love to have your comments.

This is Wayne Rivers at the Family Business Institute. Thank you.