

# Chief Executive

ICONOCLAST CELEBRITY  
CULT DAREDEVIL FATHER FIGURE  
EXECUTIONER GLOBALIST PLAIN VANILLA

## FINDING AND FIXING YOUR ACHILLES HEEL

Even the most successful leaders have a weak spot. What's yours? And what can you do about it?

by Cheryl Strauss Einhorn

viewed by employees as abrupt or uncaring. Or a leader who strives to be thoughtful and strategic may be perceived as moving too slowly. Being mindful of the narrow line between strength and weakness may be critical to fine-tuning areas of proficiency.

But how do you uncover the Achilles heel that your strengths mask? *Chief Executive* worked with Andrew Gilman, CEO of CommCore Consulting Group, to compile a list of eight CEO management styles and the risks that those styles pose to one's leadership. The goal is to help CEOs identify—and address—the chinks in their armor.

RECENTLY, SEVERAL CEOs WERE SACKED OR HAD TO STEP DOWN FOR NOT PAYING ENOUGH ATTENTION TO THE DOWNSIDE OF THEIR MANAGEMENT STYLES. TIME'S JACK GRIFFIN WAS FORCED OUT AFTER LESS THAN SIX MONTHS ON THE JOB DUE TO A WIDESPREAD CONVICTION THAT HIS BRUSQUE MANAGEMENT STYLE CONFLICTED WITH THE COMPANY'S CORPORATE CULTURE. DIRK MEYER, CEO OF ADVANCED MICRO DEVICES, GOT OUSTED FOR MOVING THE CHIP MAKER INTO MOBILE DEVICES TOO SLOWLY, AND DAVID GREENWOOD, CEO OF GERON CORPORATION, ABRUPTLY RESIGNED RECENTLY OVER A SEEMINGLY SIMILAR ISSUE—THE SLUGGISH PACE AT WHICH THE BIOPHARMACEUTICAL COMPANY'S PROMISING THERAPIES WERE MOVING INTO MID-STAGE CLINICAL DEVELOPMENT.

Often CEOs know what they're good at and spend time to hone those skills, but it can be hard to see the flipside of those strengths. For example, a CEO who sees himself as efficient may be

## Being a high-profile executive and living a flashy personal style—can get in the way of one another.



Mark Zuckerberg

GUILLAUME PALMIER/WIKIMEDIA COMMONS

### THE ICONOCLAST

**The Style:** This type of leader is an entrepreneur or visionary who is successful while breaking conventional rules.

**Who Has It:** Facebook CEO Mark Zuckerberg, who singlehandedly changed the way people interact with one another online, built a \$50 billion company and replaced casual Fridays with an everyday college-dorm dress code. Mark Cuban, the outgoing Dallas Mavericks owner, who cheers the team from the same seats he had in years past and was co-founder of Broadcast.com.

**Achilles Heel:** Zuckerberg's critics—who view Facebook as irresponsibly spreading people's personal data around the Internet—see Zuckerberg as cavalier rather than creative. While Cuban's own web site describes him as having a "commitment to winning" that "has everyone's attention," his whatever-it-takes attitude won him a \$250,000 fine

for his outbursts during an overtime loss in Miami. The league cited Cuban for "several acts of misconduct," including going onto the floor to vent directly to a referee, screaming at commissioner David Stern and other league officials in the stands and then using profanity during a postgame session with reporters.

**The Fix:** Given that outsized personalities may cause outsized problems, CEOs of this ilk may protect themselves from the weak point in their management style by having clear public relations planning in place and a rapid response team to "clean up" the consequences of being outspoken. Boards may help this kind of chieftain by finding a mentor who will help him or her learn how to navigate the public sphere "without losing the passion, creativity and unbridled idea generation that got him/her this far," Gilman says.



Ron Perelman

DAVID SHANKBONE

### THE CELEBRITY

**The Style:** These leaders

are as well known—if not more so—than the companies they head.

**Who Has It:** Revlon's Ron Perelman is a notable member of this group.

**The Achilles Heel:** At times, these two celebrity facets—being a high-profile executive and living a flashy personal style—can get in the way of one another. In Perelman's case, his company's name became inextricably linked with juicy gossip-column items about his five wives and his attempt to sell his yacht for \$70 million.

**The Fix:** A personal reputation protector for this group would address what to do about distracting news and develop a thoughtful succession plan that would address how a new—and likely less dynamic—chief would connect with consumers.



Steve Jobs

MATT YODIE

### THE CULT CEO

**The Style:** A leader who embodies the spirit—and therefore brand—of the company he or she leads.

**Who Has It:** Apple's Steve Jobs and Martha Stewart of Martha Stewart Living Omnicon.

**The Achilles Heel:** The downside of the Cult CEO is

that a personal mishap can derail his or her company. Jobs' image as the rebel leading the good fight against bland, unfriendly tech companies fueled Apple's success, but the announcement that he was stepping down to battle cancer prompted a sharp selloff. A similar fate befell Martha Stewart Living Omnicon when the company's domestic doyenne went to jail for lying to investigators about a stock sale. It was not until a full year after her return that the company became profitable again.

**The Fix:** A crisis template should address how a company can decouple its brand from its idealized, but mortal, CEO.



Mark Hurd

### THE DAREDEVIL

**Style:** This type of leader takes both personal and company risks.

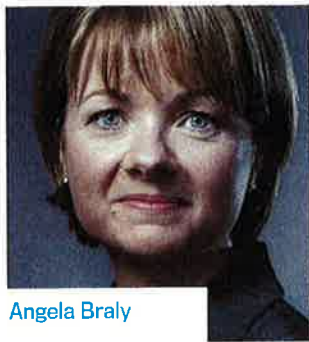
**Who Has It:** Mark Hurd, late of HP, and Eliot Spitzer, once thought of as New York's most fearless enforcer.

**The Achilles Heel:** Although credited for making HP the first in the sale of desktop computers since 2007 and laptop computers since 2006, Hurd's obfuscation of inappropriate behavior with a consultant outweighed his substantial business

## Boards can smooth the transition from a Father Figure leader by stepping in before a CEO is ready to leave and creating a clear plan.

achievements. Spitzer similarly tarnished his reputation with amoral behavior.

**The Fix:** While personal behavior is generally not a board issue, company contracts and compensation policies may be written to take egregious behavior into account. Another good move is to ensure management's incentive compensation isn't based on short-term performance that may make it more attractive to engage in excessive risk-taking.



Angela Braly

WELLPOINT

### THE EXECUTIONER

**Style:** This type of CEO puts business results before people.

**Examples:** "Chainsaw" Al Dunlap, known for turning companies around by ruthlessly chopping heads and cutting costs; Angela Braly of WellPoint, who boosted the company's share price to

\$70 per share from \$40 when she took the helm; AOL CEO Tim Armstrong, the former Google executive who was brought in to turn around AOL's media empire.

**The Achilles Heel:** While this approach often brings business success, it can backfire. Shareholders initially applauded Dunlap's efforts at Sunbeam and elsewhere, but the same cost-cutting zeal that put financial results before all else caused illicit behavior as employees struggled to make financial results look better. Meanwhile, Braly's results lost their shine when she told investors in April 2008, "We will not sacrifice profitability for membership." In other words, she wouldn't sell health coverage to more people if it meant losing money. And Armstrong lost ground when he trashed AOL employees in public, calling their work "below par" at a breakfast event, where his comments were picked up by the media.

**The Fix:** Because CEOs are more vulnerable to scrutiny in an age of social media and blogs, this type of leader may benefit from beefing up internal communications about cost-cutting and product turnarounds and monitoring compliance

rules. "CEOs might do well to walk the floors and speak more directly with impacted employees," says Gilman. Boards at such companies should also look out for what may become an aggressive corporate culture where employees try to please the boss by shirking rules to meet sales goals and quotas.



Warren Buffett

THE WHITE HOUSE

### THE FATHER FIGURE

**The Style:** Often also the company's founder, this type of leader is paternal.

**Who Had/Has It:** The late Dave Thomas of Wendy's and Warren Buffett of Berkshire Hathaway.

**The Achilles Heel:** When such successful figures are very admired publicly, transitions to new management become fraught with risk. For example, Buffett's anointment of 39-year-old Todd Combs, currently a hedge fund manager with Castle Point Capital in Greenwich, Conn., as one of his likely successors at Berkshire Hathaway was greeted with skepticism. Not only is Combs not well-known in financial circles, but he also only has a short track record in the industry.

What's more, although Buffett announced Combs in October 2010, he has said little publicly to bolster

the public's confidence in Combs.

**The Fix:** Boards can smooth the transition from a Father Figure leader by stepping in before a CEO is ready to leave and creating a clear plan. This enables the current CEO to think about the top tier of the company's talent pool and how succession may impact them and to work with the board to build confidence in the company's succession plan. Once the plan is ready, Father Figure CEOs should publicize it, giving the public time to understand and accept it.



Akio Toyoda

BERTEL SCHMITT

### THE GLOBALIST

**The Style:** This type of leader runs a multinational company with operations in many countries.

**Who Has It:** Toyota CEO Akio Toyoda; Former British Petroleum CEO Tony Hayward.

**The Achilles Heel:** Globalists are vulnerable to mismanaging local issues. For example, although Toyoda ran a company known for great customer service, he was charged with "dragging his feet" and being "safety deaf" by Transportation Secretary Ray LaHood after being slow to respond to charges of "dangerous" safety defects. The fumbling response to

# Change... Or Be Changed

These are just a few examples of management-style weak points and specific steps to address them. But every leadership style has a downside, and the overarching lesson is that a little self-reflection can go a long way. While it is never fun to contemplate your weaknesses, if you don't examine and address them, someone else might—to your peril. Already, CEO turnover, which has been trending upward, is expected to spike into the double digits and stay there for the next two years, according to executive search firm Crist/Kolder Associates in Chicago.

"Boards were reticent to make changes during the height of the recession so CEOs stayed in their chairs," says Crist/Kolder Chairman Peter Crist. "My prediction is that now with the economy firming, boards will look at top talent and say, 'Okay, you made cuts that held the ship in the down cycle, but are you growing our company in the upcycle?' Proxies will show all the comparable competitive information and I think boards will be more prone to make changes over the next 24 months. We're expecting a lot of volatility in the CEO chair because of this increased scrutiny." He estimates turnover might jump to 13 percent from an artificially low 9.4 percent in 2010 due to the weak economy.

He also says boards are becoming more empowered and are more prone to change CEOs. The proof: The average tenure of the S&P 500 CEO is down to just 4.5 years. "The volatility won't go away. We think it will only accelerate."

The bottom line? Examining your management style with an eye toward identifying and addressing your Achilles' heel can help you guard against any vulnerabilities that can jeopardize both your company and your career.

mounting complaints about sudden acceleration and brake problems was a travesty—scaring off new customers and angering loyal repeat ones as well.

British Petroleum's CEO Tony Hayward proved the wrong spokesperson for the tragedy in the Gulf and the subsequent oil spill. After coming to power at BP after a fatal explosion at a refinery in Texas, Hayward used his first speech after being named CEO in May of 2007 to stress that he wanted to "focus like a laser" on the company's accident record, readily admitting past mistakes. Yet, he lacked self-awareness when it came to making insensitive public statements like, "Apollo 13 did not stop the space program. The Air France flight that fell out of the sky off of Brazil did not stop the aviation industry."

**The Fix:** The Globalist needs two levels of planning. For local crises in major markets customers want the "face" of the company to be a compassionate, caring figure. Regulators and key business partners want information from the CEO. Boards need to plan for the "big one" and have two levels of spokesperson.

## Globalists are vulnerable to mismanaging local issues.



Paul Bulcke

NESTLE/UA

### PLAIN VANILLA

**The Style:** This type of leader is not flashy and focuses on shareholders.

**Who Has It:** Reuben Mark from Colgate Palmolive, a true "company man" who worked only for Colgate for more than 40 years and ran the company from 1984-2007; Nestlé CEO Paul Bulcke, who shuns the talk-show circuit and public recognition in favor of focusing on what is going on inside the company and delivering results.

**The Achilles Heel:** There is little downside for this kind of a CEO until a crisis erupts. Then the company may suffer from lack of a well-known spokesperson with some flair.

**The Fix:** The antidote for the Plain Vanilla leader: train and practice for a crisis since shareholders, employees and customers usually look to the CEO for much of their comments. This kind of leader should also allow other employees to share the limelight. Prepare subject matter experts who can comment on specific issues. ■