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The Harder They Fall

by Roderick M. Kramer

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The Harder They Fall

The Idea in Brief

You know them—those bold, high-flying managers and executives who dazzle everyone with daring and flair, only to commit stunning acts of folly just when they seem to have it all.

Why do so many leaders display remarkable adroitness while courting power—but crash and burn once they've secured it? The pursuit of power changes people in profound ways. To get to the top, people often feel compelled to jettison the same attitudes and behaviors—such as modesty, prudence, and self-restraint—that they'll need for survival once they've achieved the apex.

But not all successful executives fall victim to the **genius-to-folly syndrome**. Those who make it to the top—and stay there peacefully—all share a remarkable sense of proportion and a high degree of self-awareness, despite widely different personalities and management styles. Their secret? Powerfully modest habits of mind and behavior.

The Idea in Practice

THE GENIUS-TO-FOLLY SYNDROME

Four attitudes and behaviors mark the genius-to-folly syndrome:

Winner wants all

In intensely competitive professional arenas, a few winners usually enjoy the lion's share of the spoils. These "winner-takes-all" competitions create a "winner-wants-all" mind-set. Often aggressive risk-takers, victors view introspection and moderation as antithetical to success.

Rules are for fools

Winner-takes-all contestants believe they must bend or break rules to succeed—for example, finding a back door to power that others haven't spotted. They often disdain rules and those who follow them.

A hefty price tag

To acquire power, leaders often make painful trade-offs—such as abandoning their families to rise professionally. Such sacrifices make power's pleasures a heady brew. The trappings of power expand winners' already over-inflated self-image, creating potentially fatal overconfidence. And power becomes "just desserts" for having paid dearly for success.

The sins of omission

Distracted by new temptations, new leaders often spend less time monitoring their environments and others' thoughts and actions—especially those of their critics. Close subordinates behave ingratiatingly to protect their own jobs, further reinforcing these leaders' distorted self-image.

FIVE HABITS FOR STAYING ON TOP

Five values and behaviors are vital to remaining successful at the top:

Keep your life simple.

Remain "awfully ordinary" despite power and wealth. Today, Warren Buffett lives just as he did 30 years ago. Stay in touch with yourself and other ordinary people—including cus-

tomers and employees. Cultivate humility, viewing your accomplishments with detachment. Remind yourself of what *really* matters in life.

Hang a lantern on your foibles.

To understand them better, shine a light on your weaknesses. Acknowledge them to others—you'll discourage people from punishing you too much for them. Use humor to illuminate your flaws; it communicates vulnerability while indicating you're still in control.

Float balloons.

Check and recheck information you receive, and review your assumptions about it. If you have doubts about advisers' feedback, float wild ideas to employees—you'll uncover the truth and prepare yourself for the unexpected.

Sweat the small stuff.

Sometimes a small misstep can derail you from the fast track. Resist those exhorting you not to sweat the small stuff. In business, you *do* need to worry about what lies ahead—to anticipate what might go wrong.

Reflect more, not less.

Mirroring our culture's preference for action over reflection, many fallen leaders have little understanding of themselves. Just as you read others brilliantly, watch for genius-to-folly tendencies within yourself.

Some leaders fly higher than the rest, but their journey is fraught with danger. To survive in the rarefied atmosphere, they need to cast off certain skills and instincts while revitalizing and developing others.

The Harder They Fall

by Roderick M. Kramer

The past decade may well be remembered as the era of the bold, high-flying, “sky’s the limit” leader. Throughout the 1990s, our society seemed to have a fetish for aggressive chiefs like Enron’s Kenneth Lay, Tyco’s Dennis Kozlowski, and WorldCom’s Bernard Ebbers. These corner-office titans graced the covers of business magazines, and the public seemed fascinated with their willingness to flout the rules and break from the corporate herd with incredible daring and flair. But like Icarus, they flew too high. Scandal set in, and these once feted and envied leaders found themselves falling hard and fast. Other admired leaders—not just in business but also in politics, religion, and the media—are finding themselves in a similar free fall. One moment they are masters of their domain. The next they are on the pavement looking up, wondering where it all went wrong.

At first glance, the Lays, Kozlowskis, and Ebberses of the world are unlikely candidates for such swift and ignoble falls. In their brilliant and rapid ascents, “star” leaders repeat-

edly demonstrate the intelligence, resourcefulness, and drive to go the distance. They prove adept at overcoming whatever obstacles they encounter along the way. And they display a dazzling ability to woo investors, enchant employees, and charm the media with their charisma, grandiose visions, and seemingly unlimited strategic acumen. Yet just when they appear to have it all, these A-list performers demonstrate uncharacteristic lapses in professional judgment or personal conduct.

Consider the career of an executive I’ll call Marjorie Peel. With the start she had, who would have thought she would crash and burn as dramatically as she did? As a young girl growing up in a lower-middle-class home, she was determined to be the first person in her family to graduate from college and live “the American dream.” Peel was a charismatic student in high school; she was elected class president and voted most likely to succeed. Her heroes were Chrysler’s Lee Iacocca, the Body Shop’s Anita Roddick, and GE’s Jack Welch, and she decided she wanted to make her mark

in business. Every move Peel made was designed to put her on the path she imagined her idols had followed. She graduated magna cum laude from an Ivy League college, majoring in the subjects most likely to impress the consulting firms she wanted to court. After spending two years working for a top international consulting firm, she returned to school to get her MBA. Peel graduated near the head of her class, interviewed brilliantly, and captured a highly coveted job at a major global corporation.

Once there, Peel pursued her career with laserlike focus. She possessed strong analytical abilities; she was able to see the big picture yet track the operational minutiae. No action was too minor to consume her attention, and nothing was left to chance. She was, as one of her mentors put it, “unbelievably smooth in every situation. Her command of the facts and her ability to think on her feet were daunting. You’d think twice before taking her on in a meeting.”

Peel displayed the same extraordinary people skills in her professional life that had earned her the appreciation and admiration of her high school classmates. She was generous with praise, quick to recognize others’ achievements, and self-effacing when it came to her own accomplishments. Not surprisingly, her ascent within the organization was swift. After leading a string of spectacular deals, Peel was tapped to run the company’s largest international division, which would be a stepping-stone to the CEO position.

Peel embraced her new role with enthusiasm and, at first, demonstrated the maturity and poise of a natural leader. But only a few months into the job, her behavior started to change. She seemed to savor her new power and relished the numerous perks that came with it. The self-deprecating style that had been her trademark seemed to fade, replaced by a sudden desire to be in the limelight. Peel lavished all her attention on those clients and contacts she thought could help her get media mentions and ignored those that couldn’t. She became more demanding of her subordinates and devoted little time to mentoring them. To everyone’s surprise, she divorced her husband of 15 years and began dating a younger employee. Her previously conservative tastes and modest habits went out the window; she was spending lavishly on a new wardrobe and new

furnishings for her office. In violation of company policy, she diverted thousands of dollars to lease and decorate a plush private apartment she maintained in the city, ostensibly for business.

Ultimately, Peel’s change in habits proved fatal: A disgruntled accountant in the company, who had unpleasantly crossed paths with Peel on several occasions, learned about her misuse of corporate funds. He initiated an internal investigation of her financial excesses and was more than happy to pass along the information he uncovered to the company president—a highly ethical, old-school executive. When news of the investigation leaked out, Peel inflamed the crisis by defending her actions in a series of withering, dismissive e-mails sent to everyone in the organization. She spent several months desperately trying to spin events in her favor but was ultimately pushed out of the company in a highly public and painfully humiliating firing. After her meteoric rise, Peel found herself out on the street—shattered, perplexed, and embittered. Even several years later, she was trying to put the pieces together: “I still don’t understand what happened. It was as if someone else had inhabited my body for a while and simply taken over my personality.”

Stories like Peel’s illustrate what I like to call the *genius-to-foolly syndrome*—a swift and steady rise by a brilliant, hard-driving, politically adept individual followed by surprising stints of miscalculation or recklessness. Why do so many individuals seem to fall prey to stunning bouts of folly once they seize power? Attributing it to personal failings or lack of moral fiber seems too glib—after all, wouldn’t the flaws have emerged earlier in the leaders’ careers? As a psychologist and consultant to many businesses, I’ve spent most of my career researching the process of getting to the top. (For more on my research, see the sidebar “Studying Leaders’ Recklessness and Folly.”) I’ve found that there is something about the pursuit of power that often changes people in profound ways. Indeed, to get to the apex of their profession, individuals are often forced to jettison certain attitudes and behaviors—the same attitudes and behaviors they need for survival once they get to the top. During the high-tech boom, we saw risk-taking and rule-breaking as markers of good leadership. As a result, we often ended up with leaders who

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lacked the prudence, sense of proportion, and self-restraint needed to cope with the trappings of power.

Winner Wants All

In any attractive professional domain—be it Silicon Valley, Washington, or Hollywood—there are lots of extremely smart and ambitious individuals vying for just a few top slots. Moving up the ranks can be like competing in a high-stakes tournament: As you make it through successive rounds, the pool of worthy candidates narrows, the margin for error is much smaller, and the competition intensifies. This winnowing process means just a handful of people will attain prominence or success. In some contests—such as those for CEO of a major corporation, head of a mainstream motion picture studio, dean of an elite law school, or president of the United States—there can be only one winner.

Researchers Robert Frank and Philip Cook have characterized such tournaments as “winner-take-all markets”—a very few star performers generate most of the value and end up enjoying the lion’s share of the spoils. I interviewed leaders from the worlds of business,

politics, and entertainment and found that the intense competition in these winner-take-all markets creates players who suffer from a “winner-wants-all” mind-set. These elite performers expect everything—but often end up with nothing.

There are many explanations for this. For a start, because there are so many talented, determined people competing for just one top slot, the players in winner-take-all markets must be extraordinarily aggressive about taking risks. Film producer Lynda Obst, who helped crack the glass ceiling for women in Hollywood, explains it this way: “Nerve, not talent, is the one necessary and sufficient trait for success.” But it’s not just nerve that matters. It’s also the willingness to act quickly on those impulses—often before there is time for adequate reflection. “It’s a very steep climb in [Hollywood]—and a fast one. You have to seize every handhold that appears and learn to take advantage of it instantly,” one former film studio executive told me. “If you lean back on your ropes to look up and ponder the risks, the moment may be gone.” Indeed, the most ambitious and competitive players in winner-take-all markets often perceive that in-

Studying Leaders’ Recklessness and Folly

To better understand how and why so many obviously intelligent and well-seasoned leaders fall from grace, I’ve taken a multimethod approach in my research. My studies have involved detailed archival case studies of historical instances of leader folly; interviews with business and government leaders at various stages of their careers; an analysis of leaders’ autobiographical narratives; and laboratory experiments designed to simulate leaders’ judgments and decision-making skills. In aggregate, this research offers useful insights into the origins and dynamics of leader recklessness and folly.

My initial studies on this phenomenon focused on failures within the Oval Office. The office of the presidency of the United States was replete with instructive examples of individuals who, despite their unquestionable political talents and experience, fell prey to stunningly poor lapses in judgment and decision making. The decisions I studied in-

cluded, for instance, the infamous Bay of Pigs invasion, the escalation of conflict in Vietnam, and the Watergate cover-up. I examined recently declassified White House memos, presidential recordings, and internal reports of these fiascoes, and I conducted numerous interviews with surviving participants of these events.

I extended the Washington research to other arenas in which leaders’ spectacularly brilliant accomplishments and remarkably foolish behaviors seemed to go hand in hand. For example, I studied the decision making around the production of disastrous Hollywood films, such as *Heaven’s Gate*—the failure of which resulted in the sale of United Artists to MGM.

I examined instances of folly among leaders in Silicon Valley during the dot-com stampede, in organized religion, in journalism, and in the halls of academe. In each of these domains, I observed all the elements of the winner-wants-all mentality: individu-

als seemingly possessed of endless reserves of talent and drive, adept at propelling themselves to the top, willing to take risks and break rules, only to crash on the shoals of their success.

I sought additional evidence that might provide a more complete account of this phenomenon. First, I collected and analyzed more than 225 autobiographical narratives from executives in both private corporations and public institutions. And by comparing leaders’ experiences and insights across three groups situated at different points in their careers, I was able to develop a framework for conceptualizing some of the seeds of leader recklessness and folly. Specifically, I was able to identify a set of distinct psychological mind-sets and behavioral tendencies that those who seek and find achievement may be vulnerable to. Some of the major findings of that research are presented in this article.

trosppection is antithetical to success. As a result, these individuals develop a dangerous aversion to moderation.

Rules Are for Fools

Another conspicuous feature of the winner-wants-all mind-set has to do with individuals' attitudes about the rules of the game. Many players in winner-take-all markets believe that getting ahead means doing things differently from ordinary people—for instance, finding a back door to success that others have not been smart enough to spot.

Consider the case of legendary African-American entrepreneur Reginald Lewis. At the time of his death at age 50 from a brain tumor, Lewis had earned a spot on *Forbes's* list of the 400 wealthiest Americans, with a net worth estimated at around \$400 million. More than 2,000 people attended his funeral, including former presidents Ronald Reagan and Bill Clinton as well as U.S. Secretary of State Colin Powell and entertainer Bill Cosby. Lewis not only orchestrated one of the biggest leveraged buyouts of his era, he also gave away millions, including \$3 million to Harvard Law School. In his eulogy for Lewis, Cosby said, "We are all dealt a hand to play in this game of life, and believe me, Reg Lewis played the hell out of his hand."

But Lewis started life with a weak hand. The cards didn't get better until he came up with some new rules to play by. As an undergraduate at Virginia State, Lewis decided that a degree from Harvard Law School was just what he needed to get started on the path to prominence. But given his relatively undistinguished background, it was far from clear that he would be admitted to Harvard. Then he learned about a new Rockefeller Foundation-funded program at the law school that was aimed at minority students. Lewis devised a strategy to get into the program. In his own words, "First, have a tremendous final year in college. Second, know the objectives of the program. Third, break your ass over the summer, eliminate all distractions. Prove that you can compete. Do the job." These were the standards Lewis had set for himself, and he excelled, impressing everyone he met with his enthusiasm, intelligence, self-confidence, ambition, and hard work.

Unfortunately, there was a fly in the ointment. In setting up the summer program, Har-

vard had established a strict prohibition against using it as an entrée into the law school. Undaunted by what seemed like yet another closed door, Lewis tirelessly started knocking on other doors, pitching himself as the ideal candidate for Harvard Law to anyone who would listen. Ultimately, it paid off. Lewis received a personal invitation to meet with the school's dean of admissions. And whatever was said during that meeting, it worked. Lewis became a member of the first-year class without even having filled out an application. He was reputedly the first person in the 148-year-history of Harvard Law ever admitted *before* he had applied.

People like Lewis are not the exception in high-stakes games; they are often the ones who win. Consider the case of David Geffen, cofounder of DreamWorks and currently worth an estimated \$3.8 billion. When Geffen managed to wangle an entry-level job in the mail room at the William Morris Agency early in his career, he learned to his dismay that all employees had to provide proof of a college degree before they could advance. Geffen hadn't graduated from college. But unwilling to be held back by the facts, he dissembled on his application form that he had graduated from UCLA. When he learned that his employer would do a routine check on his credentials, Geffen got to work early every morning to intercept the incoming mail. When the letter from UCLA finally arrived, Geffen trashed it and replaced it with a forged letter indicating that he had indeed graduated from the university.

Lewis and Geffen broke the rules—and were deemed resourceful and enterprising by their bosses and peers, rather than immoral or criminal. Indeed, many players in winner-take-all markets believe that breaking the rules is not only necessary for getting ahead, it is virtually an act of creativity. "The rules are meant to be broken," one major automotive executive told me. "If you aren't willing to test the limits of what's acceptable and what works...you'll never make it to that next level of performance or attainment." An executive from the petroleum industry echoed that sentiment: "If you're too afraid of stepping over the foul line, you'll never figure out how close to it you can get."

Unfortunately, this disdain for the rules puts risk-taking leaders on a very slippery

slope. They may consider themselves exempt from the rules that govern other people's behavior. Even more dangerous, leaders who want it all and who break the rules to get it often develop contempt for those who *do* play by the rules. Those who follow the letter of the law are seen as timid and unimaginative conformists who "just don't get it." As one advertising executive put it, "Frankly, it's hard to respect individuals who plod along by just following the rules." A highly successful Hollywood agent told me several years ago—and the quote seems ironic today—"If you want to follow all the rules, become an accountant. You'll be happier and live longer." It doesn't take too much imagination to see how, taken to the extreme, such attitudes foster the sort of can-do—yet ultimately dysfunctional—corporate cultures we observed in troubled companies such as Enron, Tyco, and WorldCom.

A Hefty Price Tag

Big-time success usually comes only after enormous sacrifice, and leaders who've made Faustian bargains on the way up are acutely aware of just how much they've invested to reach their goal. In my interviews, many people recounted in vivid detail the painful trade-offs they had made. Consider a woman I'll call Carolyn Sears, a successful, 56-year-old executive vice president for a large multinational firm. In her mid-30s, Sears walked away from a marriage that no longer seemed right, abandoning her two-year-old daughter in the process. "It was impossible at [my company] to be on the promotion track and the mommy track at the same time. So I gave custody of my daughter to my husband and moved out," Sears says. "It was one of the most painful things I've ever done, but I just was not willing at that time to let all of this *Ozzie and Harriet* stuff slow me down or hold me back."

To the individual with a winner-wants-all mind-set, such sacrifices are the price of admission to the top. But making those sacrifices renders the leader extremely vulnerable to the heady effects of power's rewards. Leaders who've "made it" suddenly have to start coping with lavish expense accounts, travel in corporate jets, and a plethora of other compensations. Beyond these are innumerable social perks. Leaders find that their presence is desired at glamorous social gatherings. Influential foundations and boards court them. The

media seek out their views. Other people, including the rich and famous, treat these newly arrived leaders as equally important members of the in crowd. And as Henry Kissinger once pointed out, "Power is the ultimate aphrodisiac."

The pleasures that accompany power and prominence are particularly distorting for the person experiencing them for the first time. In his appropriately titled book *Blind Ambition*, former presidential aide John Dean wrote insightfully about the seductive accoutrements of power. He described being whisked to Washington to meet President Nixon for the first time. As he was preparing to leave the plane, an official came on board and officiously requested that all other first-class passengers delay their exit until Mr. Dean had been personally escorted from the cabin. Dean's briefcase was then taken from him, and he was led to the door of the plane. "I made my exit, pleasantly embarrassed...By this time, the flight crew had gathered to watch. I noted the curiosity on their faces and tried to look as though I were accustomed to this royal treatment. I planned to step smartly into the limousine I expected below, but instead of a limousine, I saw, not a hundred yards away, a shiny brown-and-white Marine helicopter with a corporal in full-dress uniform standing at attention at the foot of its boarding ramp. The executive handed my suitcase to a young marine lieutenant who stepped out of the helicopter as we approached. The corporal, still at attention and expressionless, snapped a salute at me...I stopped at the top of the boarding ramp to look back at the crew while the chopper pilot gunned the engine. I decided I had handled my escalating headiness fairly well. I had been cool. I had controlled my excitement yet had still managed a little hustling." From that moment on, Dean realized, *being there* was a lot more fun than *getting there*.

But as enjoyable as they can be, the trappings of power only serve to feed the dangerous illusions people already have about themselves. Decades of psychological research on self-enhancing illusions suggest that most people have highly (and overly) positive views of their abilities. Most people, for example, believe they are better-than-average drivers, lovers, and leaders. Without the steadying influence of a robust personal life and a network of friends who can help you maintain a healthy

perspective, easy access to corporate jets and unlimited expense accounts turns those unrealistic beliefs into certain knowledge, resulting in a potentially fatal overconfidence. “Looking back on it, my judgment was often terribly wrong,” said one young entrepreneur who had burned through more than \$20 million trying to launch a Web-based business. “Unfortunately, I was never in doubt.”

The sacrifices an individual makes on the way to the top not only make it harder to cope with the rewards when they do come, they also make the person greedier for more of the same. Indeed, getting more becomes “just deserts” for having paid such a high price for success. According to one report, former Tyco CEO Dennis Kozlowski spent millions on art and elaborate home furnishings. He allegedly charged to his company purchases of a \$15,000 umbrella stand, a \$17,000 traveling toilette box, a \$5,900 set of bed sheets, and a \$2,200 wastebasket. However easy it may be for leaders to rationalize such an exaggerated sense of entitlement, they create trouble for themselves when their indulgences become too out of sync with what other people believe is right or fair. While followers will experience obvious pleasure in seeing their beloved leaders work their way up the ranks, they will also get equal satisfaction out of seeing them brought down a notch. This malicious gloating over another’s misfortune is such a universal feeling that there are words for it in both German (*schadenfreude*) and Chinese (*xing zai le huo*).

The Sins of Omission

It’s not only what new leaders *do* when they get to the top that gets them into trouble; it’s also what they *don’t* do. They get distracted by all the temptations—and often abandon the practices that helped them capture the crown. They may spend less time, for example, conscientiously monitoring their environments. They may pay less attention to what others around them are thinking or doing—especially their critics and potential enemies.

Of course, like everyone else, leaders like to have the positive images they have of themselves reflected back. But then, leaders are in a unique position: Their followers are keen to praise and defend the person on whom their livelihood depends. Most executives don’t question this ingratiating behavior as much as they should. After all, even if they recognize

their subordinates’ ingratiation as slightly exaggerated, leaders like to think there is at least a kernel of truth to the nice things other people are saying about them. Thus, despite their best intentions, leaders may find that every mirror held up to them says, in effect, you *are* the fairest of them all.

One might think that reality would splash a little cold water now and then on leaders’ splendid illusions. At the very least, one would expect some high-ranked lieutenant or trusted adviser to sound the alarm. In fact, this rarely happens because close subordinates are often more deferential to leaders than lower-ranked employees are. The people who most closely surround a leader often occupy a precarious perch, and they often don’t want to risk their place by being labeled a disloyal doubter or naysayer. Thus, paradoxically, at the same time that people serving the leader are paying such close attention to every wrinkle on the leader’s brow, they also tend to look the other way whenever he or she does something unseemly. “I can remember being in meetings where people’s faces were absolutely impassive when the CEO said something truly stupid,” one financial services executive told me. “But I have to confess, my face was just as impassive as everyone else’s.”

How to Have It All

A lauded leader can indeed succumb to recklessness once power has been achieved. But not all executives lose their footing. The behaviors and values of the leaders I interviewed who got to the top and managed to stay there are quite similar. They had different personalities and management styles, but they all seemed to retain a remarkable sense of proportion and displayed a high degree of self-awareness. When I asked them how they had been able to remain effective for so long, I learned that each had developed a certain combination of psychological and behavioral habits that helped them stay grounded.

Keep your life simple. “It helps to remain awfully ordinary,” one CEO told me. A Hollywood executive I spoke with said, “I love this industry, but if you get caught up in the glamour and celebrity, it’s easy to lose touch with reality. I just don’t do the star parties or the private screenings or the power breakfasts any more than I absolutely have to. I love the Oscars—but I watch [the show] every year from

Recognizing the Symptoms of Reckless Leadership

When I talk to business executives and government leaders about the genius-to-folly syndrome, one of the questions I am asked most frequently is: “How will I know I’m in danger of falling?” There is no universal set of early warning signs, but there are some useful questions leaders can routinely ask themselves to find out how close to the precipice they really are. Just as shrewd leaders use accounting audits to see how financially healthy their organizations are, so too can they use *personal leader audits* to find out how robust their leadership is and to assess whether they are drifting toward disaster. These audits can help leaders reflect on the consequences of their actions. The questions might include the following:

Are you spending most of your time plugging holes and papering over cracks?

In organizations headed for disaster, the leader has lost sight of the big picture. Instead, her attention is often myopically focused on staving off imminent disaster. Substantive problems are swept under the rug or pushed out of mind as she spends every waking moment obsessively focused on putting the best spin on the latest bad news, cleverly hiding any corporate blemishes. This frenetic sleight of hand is usually accompanied by the leader’s rationalization that she is simply buying time and will get to the big fixes later. If you relentlessly find yourself hoping tomorrow will be a better day, maybe you should change what you are doing right now.

How do you respond to those annoying, dissenting voices in your organization?

In almost every instance of leadership folly I’ve studied, one or more individuals in the organization recognized trouble was brewing and earnestly tried to alert the CEO to the dangers. Instead of applause, however, they got tomatoes. As a result, these good corporate citizens swallowed their whistles instead of blowing them. Even worse, many fled from what they viewed as a sinking ship. Leaders should think long and hard about how they—and those closest to them—really respond to the bearers of bad news.

Who can you really trust to tell you the emperor has no clothes?

It’s great to have a chorus of loyal aides and advisers who march to your orders. But you also need someone to let you know when the team is marching to-

ward an abyss. Bill Gates—a man who clearly knows his own mind and who has all the brainpower one could ask for—has Steve Ballmer to bounce ideas off of and to provide those much-needed reality checks. “We trusted each other from the beginning in a very deep way,” Gates says. Having a doubting Thomas (or Ballmer) is especially important because those leaders most prone to recklessness and folly are often too adept at creating an organizational world that reflects their own optimistic values and forward-charging inclinations. It’s critical for such leaders to have someone who can speak up and give them an honest assessment of the situation. Not having such a person on your staff—or in your life—is one of the first signs that you may be getting dangerously isolated and insulated.

Do you have illusions of grandeur?

In the humorous film *Defending Your Life*, Albert Brooks’s character finds himself forced to witness and defend the many misdeeds of his life, including his acts of hubris, selfishness, and cowardice. Ideally, none of us will ever have to answer for our actions in such a demanding court. However, in the personal audit it definitely helps to ask yourself, “Has my behavior changed since I became chief?” Have you grown so important that virtually everyone you know cowers before you or defers to your every whim and demand? Are you sometimes wrong but never in doubt? Be honest. If you can answer yes to any of these queries, you are in danger of becoming grandiose.

Are you too greedy for your own good?

It’s difficult for most of us to think of our-

selves as greedy. We all know how hard we’ve worked to get to the top. Yet if there is one hallmark of the winner-wants-all mind-set, it’s the acquisitive instinct gone wild. The relentless, competitive quest for more power and status becomes an end in itself. The real problem begins when the appetite to acquire more comes to dominate every decision. Suddenly, we not only want it all, we actually feel entitled to it all. This can happen all too easily given the human propensity to take for granted things that were previously benchmarks of progress or success. The alert leader tries to combat his greediness by giving something back to society.

Is this a good time to pause, consider doing something different, or even do nothing at all?

This is a simple question to ask, but one of the hardest to answer—especially in moments when we seem in full control of our destiny, and there isn’t a cloud in the sky. Many of the fallen leaders I’ve studied stumbled just when the waters seemed calmest. So sometimes slowing the pace or even calling a time-out to reassess your path may be the best strategy of all. Many leaders’ misdeeds begin as snap decisions made in the course of their normal, busy days. The decisions may seem inconsequential or easy to delegate to subordinates or aides. But once made, they take on lives of their own. Like the decision delegated to a low-level project manager at Xerox PARC, who proceeded to show a visitor the company’s prototype for a new computer. That visitor was Steve Jobs, co-founder of Apple Computer and creator of the Macintosh.

my couch, surrounded by my kids and a few friends, just like everyone else.” Such normal behavior may seem lackluster, but it helps leaders stay in touch with themselves and with other ordinary people, including their customers and employees. Indeed, if high-flying leaders hope to stay on top, they would do well to nurture their humility. It helps people view their accomplishments, and their foibles, with detachment. It also helps people to see adversity through a healthy lens. The best way of developing humility is to remind ourselves of what really matters in life. Take it from Warren Buffett. When asked how he learned to handle his enormous power and wealth, he said, “I live now the way I lived 30 years ago.”

Hang a lantern on your foibles. Few leaders manage to reach the top and remain there very long without suffering from some occasional blunders. We all have shortcomings, and they always interfere to some extent. The natural tendency with flaws and imperfections is to deny them or cover them up. But what we really need to do is to shine a light on our weaknesses to understand them better. What’s more, acknowledging our shortcomings or mistakes helps to prevent others from punishing us too much for those failures. After the Bay of Pigs, for example, President Kennedy accepted full responsibility for the disastrous operation, and his popularity soared higher than ever. Kennedy was also famous for using humor to shine a light on his flaws. Responding to charges that his father was using personal funds to help his son win the 1960 presidential election, Kennedy quipped, “I just received the following wire from my generous daddy: ‘Dear Jack, don’t buy a single vote more than is necessary. I’ll be damned if I’m going to pay for a landslide.’” Humor is an especially effective tool for acknowledging our flaws because it communicates vulnerability while, at the same time, indicates we are in control.

Float trial balloons. All the leaders I’ve studied who have thrived in power engage in a great deal of reality testing. They check and recheck the information they receive, they review their assumptions about that information, and they do it often. One executive I interviewed, who owns her own marketing firm, said whenever she has doubts about the feedback she is getting from her advisers, she takes employees aside and floats some really wild

ideas by them to see how they react. “I’d much rather learn [the truth] this way, when the stakes are low, than in some moment of crisis,” she explained. Floating trial balloons helps leaders uncover the truth and prepares them for the unexpected—especially when mindful scrutinization of the business environment becomes a natural part of a leader’s routine. One CFO at a large company noted, “We try to do a full sweep with our radar on a regular basis. I don’t see how you can do your job as a leader responsibly in today’s business environment without worrying about everything.”

Sweat the small stuff. Some self-help books exhort people not to sweat the small stuff, and in many arenas of life, that’s sound advice. But when it comes to running a film studio, a country, or a company, leaders *do* need to sweat the small stuff. They need to worry about what might be ahead so they can anticipate what might go wrong. In business particularly, sweating the small stuff is important because leaders often stumble on the little things. Indeed, sometimes it’s only a small misstep that takes you from the fast track to total derailment. Perhaps the most famous practitioner of “sweating the small stuff” is former Intel CEO Andrew Grove, who explained it this way: “I believe in the value of paranoia. I worry about products getting screwed up, and I worry about products getting introduced prematurely. I worry about factories not performing well, and I worry about having too many factories. I worry about hiring the right people, and I worry about morale slacking off. And, of course, I worry about competitors. I worry about other people figuring out how to do what we do better or cheaper and displacing us with our customers.”

Reflect more, not less. Successful leaders strive to become more reflective. That’s paradoxical given that today’s business culture celebrates action over hesitancy. Americans in particular admire leaders who break new ground, transform industries, and smash glass ceilings. Given this overemphasis on *doing*, perhaps it’s not surprising that many of the fallen leaders I studied appeared to have a strikingly impoverished sense of self. Though they often know how to read others brilliantly, they remain curiously oblivious to many of their own tendencies that expose


them to risk. When Bill Clinton was interrogated about his relationship with Monica Lewinsky, for example, he made the startling disclosure that he assumed all along that Monica would tell some of her friends about what was going on. Perhaps he should have spent a little more time reflecting about which friends—and with what consequences. John Reed, former CEO of Citibank, may harbor a similar regret. In 1999, his company entered into a merger with Travelers Group to form the behemoth Citigroup. Reed and Travelers' Sanford Weill were to lead the venture as co-CEOs—but there was only room for one at the top. Reed quickly found himself outmaneuvered and eventually ousted by the bold and resourceful Weill.

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Decades of research in the behavioral sciences suggests that people aren't good at predicting how they will be influenced by strong situations. My own research reinforces that idea. The process of getting to the top almost always changes people in ways they don't anticipate or appreciate. That lack of self-awareness seems to be part of the human condition, and if my work with MBA students is any indication, we shouldn't expect it to change anytime soon.

Each year, to encourage my students to become more mindful of the effects that success and power might have on their behavior as future business leaders, I ask them to write their obituaries. I encourage them to be as realistic as possible. Given the high caliber of these students, it is hardly surprising that most imagine their lives copiously filled with significant

achievements. They expect to become CEOs, philanthropists, best-selling authors, and the like. The personal lives they accord themselves are no less spectacular. They describe large, happy families, wonderful vacations at summer and winter retreats, and a full complement of personal accomplishments. But when I ask the students to estimate how the process of attaining those achievements will change them, they rather uniformly report "very little" or "not at all." They don't expect, for example, their core values to change. Strikingly, they anticipate having to make few, if any, trade-offs in the pursuit of professional and personal success. Miraculously, they argue, they will manage to have it all.

When I ask respondents to explain why they think the process of experiencing great success will not change them in any fundamental way, they typically say something along the lines of, "Because I know what kind of person I am." These nascent leaders believe their personal characters and core values will buffer them from any temptation or travail that might be thrown at them on their paths to power. It is as if in finding success they will become merely bigger and better versions of what they are now. They can't even imagine that they could ever fall from grace. And that, of course, guarantees that some of them will. 

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