

Detecting derailers

Recognize the
warning signs
before high-potential
leaders or new hires
go off track.

Introduction

With early detection, derailment risks can be addressed so that careers—and businesses—stay on track.

Organizations place big bets on their rising stars. They dispatch them to foreign countries to develop new markets, charge them with innovating new products or services, and entrust them with leading large-scale changes. But what happens when these promising leaders are pushed too far too fast? The team builder fizzles in the foreign culture. The innovator takes too much risk. The change leader struggles to keep pace with competitors.

This is derailment: an unexpected—and involuntary—stall during a leader's career ascent. The challenge for organizations and individuals is to detect derailment risks and defuse them before the leader is sidelined, demoted, or terminated.

The derailment of a high-potential leader is an unaffordable waste: the direct and indirect cost of just one failed senior executive has been estimated to be as high as \$2.7 million (Smart 1999). The business is left in the lurch, and the individual suffers a professional setback from which it may be difficult to recover. The organization also loses a leader, even as a majority (56%) of executives and talent managers report leadership talent to be in short supply (Deloitte 2012).

Korn Ferry research shows that a significant number of high-potential leaders are at high risk to derail. More than a quarter of leaders who were rated by their bosses as having high potential also were seen to have high risk of career derailment (Hazucha 2007). Accurately identifying high-potential leaders, then, is not enough. Organizations must diagnose and treat derailment risks to keep their leadership bench strong.

Korn Ferry uses a research-based model—the four dimensions of leadership and talent (Crandell, Hazucha, and Orr 2014)—to analyze an individual's likelihood of success in a role and identify specific reasons that person might derail (see Figure 1). With early detection, however, derailment risks can be addressed so that careers—and businesses—can stay on track.

Figure 1

The four dimensions of leadership and talent.

Stallers and stoppers.

Competencies are the specific skills or abilities that a leader needs to succeed. So a shortage of any crucial competencies presents an obvious risk. Leaders, for instance, must be able to get work done through others (not do it all themselves). They also must deal with complexity and demonstrate resilience in tough situations. Without these competencies, they will flounder. The flip side of competencies are stallers and stoppers—negative or counterproductive behaviors.

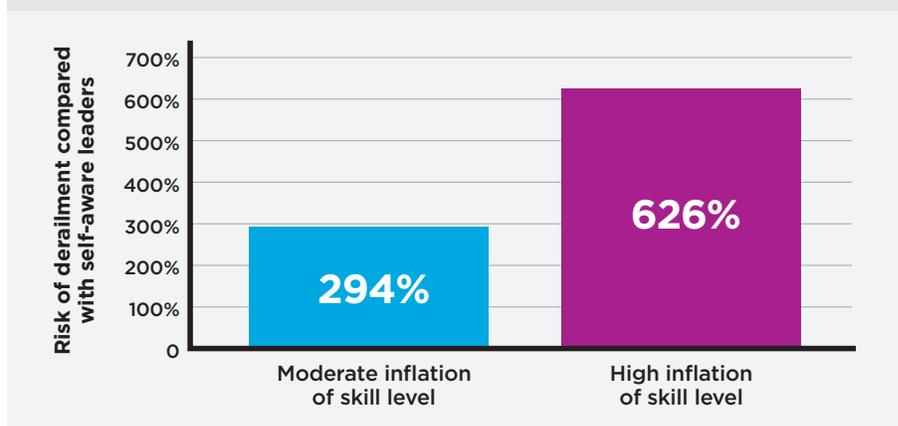
One pitfall of leadership development is that in the desire to build up desirable competencies, stallers and stoppers don't get enough attention. This is a mistake. In fact, high scores on stallers and stoppers on 360° assessments (in which peers, bosses, and direct reports are all consulted) are more predictive of derailment than simply low competency scores (Korn Ferry 2013). The five stallers and stoppers that indicate an elevated risk of derailing fall under two major themes—narrow skill set and failure to build and manage effective teams. They include *key skill deficiencies*, *failure to staff effectively*, *being non-strategic*, *failure to build a team*, and *overdependence on a single skill*.

A 360° assessment, of course, isn't possible when sizing up candidates from outside the organization. In that case, simulation assessments and behavioral interviews can be used to gauge the presence of stallers or stoppers.

Competency assessments also compare how individuals rate their own level of competency against how others do. If individuals have an inflated sense of their skill level, that's a warning sign. In fact, those who greatly overstate their abilities are 6.2 times more likely to derail than those with accurate self-awareness (Quast, Center, Chung, Wohkittel, and Vue 2011) (see Figure 2).

Figure 2

The risk of derailment rises for those who overstate their competencies.



Derailing personal traits.

Traits are personality characteristics that exert a strong influence on behavior. These include attitudes and other natural leanings such as social astuteness and general cognitive capacity. While traits are core to who a person is, they don't represent a sealed fate; they are, however, much slower and harder to alter than competencies. Korn Ferry has identified several traits that are associated with derailment including *passive-aggressiveness*, *micromanagement*, and *manipulation*. If these derailing traits are central to a person's leadership style, they could lead the person to fail.

Traits also can contribute to derailment when their presence is too strong or too weak. For example, *trust*, *optimism*, and *social affiliation* seem positive. But too much of these traits may make leaders excessively hands-off, and they may not effectively hold people accountable for their work. Likewise, insufficient doses of *humility or composure* and *self-awareness* can come across to others as entitlement or volatility.

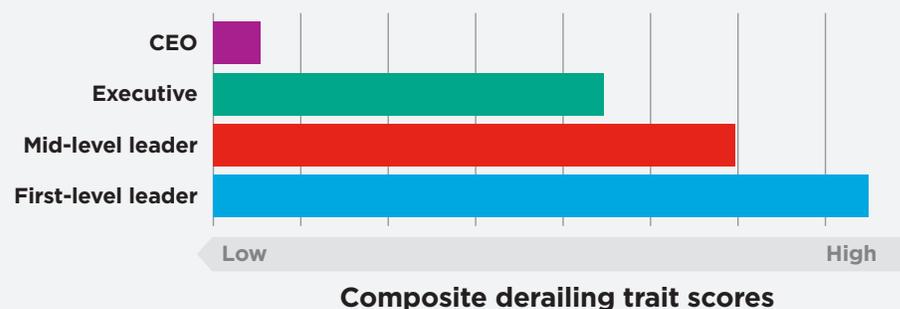
Although derailment can usually be traced back to specific negative behaviors, often traits predispose a leader toward those behaviors. Fortunately, derailing traits can be flagged by assessments and addressed with development. Organizations and individuals willing to invest the time and energy can, in fact, alter how these traits are expressed.

Traits—both positive and negative—are reflected in who climbs the corporate ladder as well. Leaders who have successfully navigated multiple transitions to higher levels of leadership have much lower risk of derailment. This may seem counterintuitive: with a bigger and harder the job, wouldn't the chance of failure be higher? In fact, what appears to happen is that individuals hampered by derailing traits either stall out or get filtered out at successive levels of promotion (see Figure 3).

Figure 3

Derailing traits are lower among those who have been promoted.

In this chart, derailing traits were measured using scales from SHL Talent Measurement's Global Personality Inventory (GPI), owned by CEB.



Shortfalls in experience.

Getting the right experiences under one's belt is also crucial to advancing a career. But it turns out that traits heavily influence which experiences leaders acquire and what they make of them.

Korn Ferry research shows that individuals with a greater number of positive traits are more likely to gain key experiences and benefit from them. In fact, about 80% of the influence positive traits exert on career advancement stems from how they steer a leader to acquire the right experiences and extract the right lessons from them. By contrast, when individuals with derailing traits are offered valuable experiences, their career growth remains stunted. About 95% of the impact derailing traits have is because they prevent promotion, which means the leader doesn't get that next vital set of experiences.

Experiences are the primary way leaders expand their domain knowledge and practice applying relevant competencies in a new context. Each new role develops different competencies, so those with a wider diversity of experiences naturally build a greater range of leadership skills.

Not surprisingly, Korn Ferry research shows that successful leaders tend to have accumulated more diverse experiences than derailed ones have. If leaders' experiences are too narrow, the risk is that their thinking and behavior will become routinized and rigid (Karaevli and Hall 2006). Failure to adapt is one of the most common reasons leaders derail; conversely, a person who repeatedly has shown the ability to adapt to new circumstances faces lower risk of derailment.

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Drivers that don't match the culture.

What personally motivates and drives leaders is directly connected to how engaged they are on the job. When leaders are motivated and inspired by their work, they are more likely to achieve continued success and advancement. Low engagement, on the other hand, is very often a signal of derailment risk.

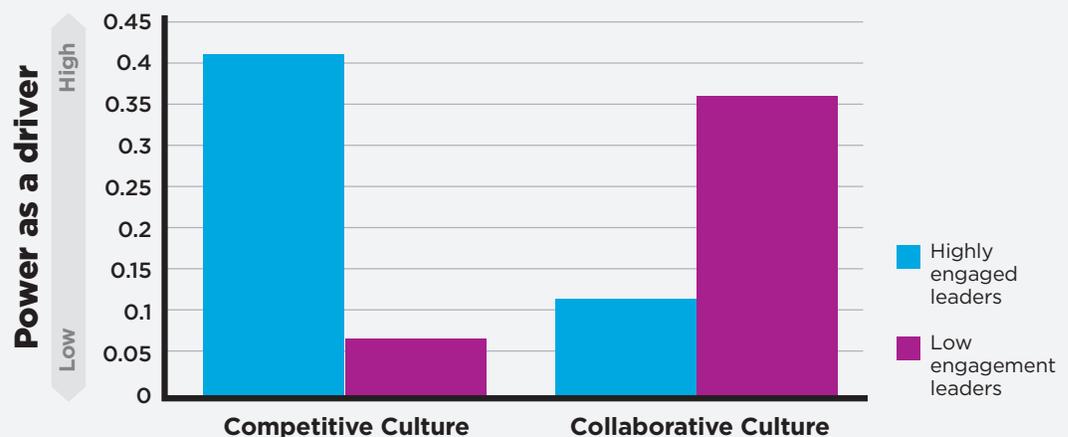
Sometimes the reason is a poor cultural fit—a mismatch between the leader's values or goals and the culture or mission of the organization. For example, a leader motivated by collaboration and working toward a common goal may flounder in roles or cultures that require more autonomy. On the flip side, a leader who enjoys independence may become frustrated in a more hierarchical organization. Many talented individuals, from star analysts at investment banks to seasoned executives at organizations known for stellar leadership, have failed at new posts because of poor cultural fit.

For example, one very potent driver is *power*—the motivation to attain work-related status, visibility, responsibility, and influence. The chart below illustrates how leaders driven by power are more highly engaged in competitive cultures and less engaged in collaborative cultures. On the other hand, leaders less motivated by power are less engaged in competitive cultures and more engaged in collaborative cultures (see Figure 4).

Figure 4

Drivers influence how engaged leaders are by an organization's culture.

In this example, those who are driven to have power are much less engaged by a workplace with a collaborative culture.



Preventing derailment.

All four dimensions of leadership offer a way to forecast derailment before it happens. Taken together, insight from these four dimensions increase the odds that organizations can select leaders who present a low risk of failure and can keep high-potential individuals' careers on track.

- ▶ **Competencies/stallers and stoppers.** Keep an eye out for low scores on competencies, high scores on stallers and stoppers, and a mismatch between self-assessment and the evaluation others provide.
- ▶ **Traits.** Look for negative traits such as micromanagement or passive-aggressiveness. Also check that some traits, such as introversion or pessimism, don't inhibit high-potential individuals from seeking out new experiences.
- ▶ **Experiences.** Note whether leaders have a limited or narrow set of experiences and whether they have succeeded after previous job moves.
- ▶ **Drivers.** Probe whether leaders' career goals and motivations match the demands of the organizational culture and the role.

There are several ways organizations can use these four dimensions to shape their talent management and hiring practices to prevent derailment.

Assess for the bad as well as for the good. When identifying high-potential individuals or candidates for executive roles, consider risk factors including low self-awareness, unresponsiveness to feedback, and poor interpersonal skills. Look for warning signs, such as lack of experience, and other derailing traits. Also, ensure that individuals understand the tradeoffs required in taking on a leadership role and that they are motivated to be leaders.

Promote at the right pace. Because of a scarcity of leadership talent, companies sometimes are pushed to move their high-potential employees through fast-track development. Successful career advancement, however, involves a shift in mindset and self-identity. Those things take time. So does developing emotional maturity and adaptability. Leaders also benefit when they stay in a role long enough to see the outcome of their work. What worked? What didn't? Without that, they may struggle to generalize lessons or principles from the experience. Taking a shortcut on the development route can create derailment problems later.

Support leadership transitions. Derailment often occurs after a significant job transition. Under stress and in an unfamiliar environment, individuals commonly revert to less productive behaviors. When the job transition is too big, it hinders instead of facilitates development. Calculate the right balance between stretch and readiness.

Build a development culture. Organizations can encourage leaders' growth by offering them a variety of experiences to help them see how their skills and contributions play out in different situations. Diverse experiences also help leaders step out of their comfort zone, get new feedback, and become more self-aware and adaptable.

Focus on self-awareness. Accurate assessment of one's strengths and weaknesses is quite possibly the most powerful antidote to derailment risk. Self-awareness inoculates leaders from becoming unduly confident in their judgment and capabilities, even if they have a track record of successes.

Make room for smaller failures. Expect some fallibility as leaders develop their skills. Allowing for small stumbles and the accompanying lessons can prevent bigger problems—like derailment—in the future.

Most importantly, the best method of prevention is early detection of derailment risk factors. By assessing for potential problems early on, organizations can flag areas of concern and work with promising leaders to develop skills and knowledge, modify negative behaviors, accumulate key experiences, and find roles that match their personal interests and values.

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The Korn Ferry Institute, our research and analytics arm, was established to share intelligence and expert points of view on talent and leadership. Through studies, books and a quarterly magazine, Briefings, we aim to increase understanding of how strategic talent decisions contribute to competitive advantage, growth and success.

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