The Short Happy Life of Leaders

Indira Gandhi declared 'Emergency' in 1975, and it had a huge impact on the industry.

The economic situation was very tough. But with emergency rules in place, Government, Police and all State apparatus worked efficiently for businesses. Dissent was not tolerated and the environment had become favourable for 'tough' people decisions. Many entrepreneurs took immediate steps to remove managers who did not meet the targets. Managers who suddenly faced performance pressure were ill-equipped to handle the turmoil caused by oil-crisis. There was a fear psychosis. Reasons for exit were not known to other employees and so they imagined the reasons for showing the door. I thought it was a very opportunistic move, and resented it.

During a downturn we see this happen to CEOs. Although there is often an opportunistic aspect to the decision to replace the CEO.

The moral of the story is that the expectation from a leader is that he must always succeed! And people, organisations are merciless in their treatment of a leader who has failed in their eyes. Whether somebody has succeeded or failed, particularly a leader is a complex question. It is not just a matter of 'hitting the target.'

The press reported in Sept 2010 [quote] "South Korea's LG Electronics Inc ousted its chief executive on Friday, *replacing him with a founding family member* in a bid to turn around its loss-making mobile phone business, the world's third largest……Management changes are usually made at the end of the year but the move, which takes effect from October 1, reflected an urgency to overhaul the struggling mobile unit…..."We made the decision to give an incoming chief executive enough time to prepare for next year," LG said in a statement." [Unquote]. What do you think? 'There are wheels within wheels' as PG Wodehouse would say!

Are CEOs more vulnerable when the industry is not doing well? Yes, the research suggests. And one of the causes of CEO's vulnerability is 'over attribution of poor performance to CEO and under attribution to economic circumstances.

This is what Mike Riddiford, Editor of CEO Forum said [quote] When their performance is assessed, most CEOs would like to believe that factors outside their control (such as the general state of the economy) do not affect that performance assessment, and it is purely relative company performance that matters. This has been the conventional wisdom for some time, but recent research from Stanford academic Dirk Jenter and MIT's Fadi Kanaan have challenged that assumption. In a study that looked at more than 1600 changes of CEO in the US between 1993 and 2001, they found that, where the CEO had underperformed their industry peers, they were 50% more likely to get fired if their peers were performing relatively poorly, than if they were performing strongly.

Underperformance, then, is more of a career risk in a struggling industry than an industry that is performing well. This, of course, flies in the face of strict rationality: after all, a laggard achieving growth rates of 10% when his industry is averaging 15% is destroying just as much value as a laggard who is shrinking at 10% a year when her peers are shrinking at 5%. Yet poor relative performance was most severely punished when times were tough:

something some CEOs need to clearly keep in mind in the current difficult environment some sectors are now experiencing. [Unquote]

Recently I read a story 'The Short Happy Life of Francis Macomber.' It is one of the classics written by Ernest Hemingway. My imagery of a leader was that of Francis Macomber in this story. I will explain it with synopsis of the story which is available on Wikipedia.

> *Francis Macomber and his wife Margaret are on a big-game safari in Africa, guided by professional hunter Robert Wilson. Earlier, Francis had panicked when a wounded lion charged him. Margaret mocks Macomber for this act of cowardice, and it is implied that she sleeps with Wilson.*
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> *The next day the party hunt buffalo. Macomber and Wilson hunt together where the pair shoots 3 buffaloes. Two of the buffaloes are killed, but the first buffalo is only wounded and has gone into the bush. Macomber now feels confident, and he and Wilson proceed to track the wounded animal, paralleling the circumstances of the previous day's lion hunt.*
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> *When they find the buffalo, it charges Macomber. Although he stands his ground and fires at it, his shots are too high. Wilson fires at the beast as well, but it keeps charging. Macomber kills the buffalo at the last second. At the same time, Margaret also fires a shot from the car. Her shot misses buffalo and kills Macomber.*
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> *The Short Happy Life of Francis Macomber is acclaimed as one of Hemingway's most successful artistic achievements. This is largely due to the ambiguous complexity of characters and their motivations, and the debate this ambiguity has generated. ……*
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> *……It is no coincidence that Margaret is the one who kills him: there is an unresolved debate as to whether she murdered Macomber, or accidentally killed him. If she purposefully shoots him, she has preserved her dominance in the relationship, and ensures that she will keep his wealth (presumably the only reason they married in the first place).*

I have always felt that many leaders face the dilemmas of Francis, and they are like Francis. Organisations are merciless [and like Margaret, opportunistic and predatory] in making demands and they are uncompromising in their attitude. One failure is often the invitation to write the leader's epitaph.

But rules have exceptions. The only leaders who can get away with non-performance are heads of the State. Like Dr Man Mohan Singh or President Obama as some would believe. Isn't that's interesting!

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