



## *At the Top, It's About Behavior*

*Knowledge and skills are not enough for top leaders*

Tim Stevenson

**THE PETER PRINCIPLE** was published in 1969, a humorous look at why so many executives and managers fail. The principle formulated by Laurence Peter states that **in a hierarchy everyone rises until he reaches his level of incompetence.**

An excellent salesperson, for example, is recognized for her achievements and named the new Sales Manager. Unfortunately, the skills and traits necessary to be a manager are not the same as those that enable one to succeed at sales. The great salesperson may prove to be an incompetent Sales Manager.

But let's say she's successful. Because she's a good Sales Manager, she is promoted to

Vice President of Marketing. The same problem arises: the skills and traits necessary to be a good Sales Manager are very different from the

*"Other things being equal, your people skills (or lack thereof) become more pronounced the higher up you go."*

**— Marshall Goldsmith**

strategic ability and industry knowledge required to run a marketing department. She thus has another chance to reach her level of incompetence. If so, she hits her career ceiling. If not, she has another chance to move up.

The overriding joke of the Peter Principle, if you take it to its logical conclusion, is that all the leadership positions of a company are eventually staffed by incompetent people!

The Peter Principle has endured because there is so much truth in it. It is easy to make the mistake of believing that a person who is a good **doer** will also be successful as a good **leader**.



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## Today's research concurs

Dr. Patricia Wheeler is an executive coach and Managing Partner in the Levin Group. In a research study they discovered that even in the top 5% of the organizations studied, the failure rate of top executives remains very high. **Fully one-third of the leaders brought in from the outside had failed to meet their company's expectations after two years on the job.**

What about executives who were promoted from within? Not much better. Wheeler relates the “more disturbing finding” that

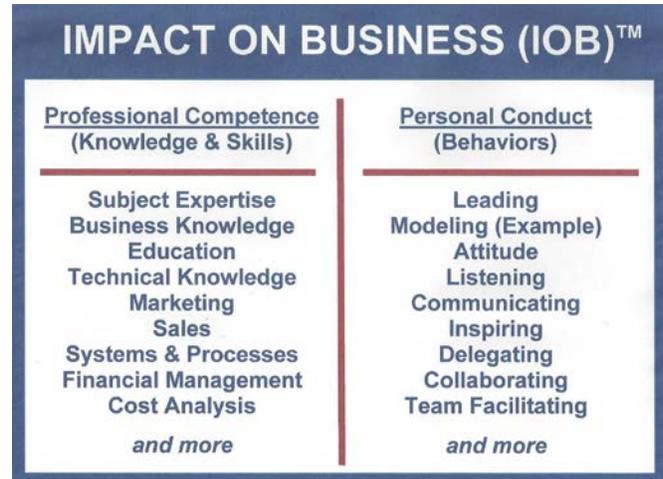
**one in five leaders promoted from within to the top failed to meet their organization's criteria for successful performance within two years. This means that twenty percent of leaders who were *successful enough to earn a promotion* or lateral move to a bigger and broader role did not succeed in their new role.**

There is something more going on here than the Peter Principle. *Why* do so many smart, talented, and experienced people fail?

## Measuring your real impact

If you ask reasonably successful people, “Are you good at what you do?” I can predict what most will respond. It will be along the lines of, “Yes, I know my stuff and I work hard.” They are thinking about **knowledge and skills**, but there is much more to succeeding in leadership than knowledge and skills.

In Sherpa Coaching we use a concept called **Impact On Business (IOB)** for short), depicted on the chart above right. While professionals tend to measure themselves only by the left side of the diagram, **Professional Competence** (knowledge & skills), there is an entire other side: **Personal Conduct** or **Behaviors**. **Both** sides are necessary to evaluate someone's complete Impact On Business. As the research shows, it is in the realm of **behaviors** that failed executives have typically fallen short.



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## Behavior rises in importance

One of the dynamics of organizational advancement is finding that **demands on your people skills rise with each step up the ladder**. Less and less you accomplish work alone. **More and more you must get work done with and through others** — in other words, through *leading* and *managing*.

Wheeler's research arrived at this same conclusion. She says (emphases mine),

**Failure here is rarely about technical knowledge; it's more about *relational intelligence* and *cultural alignment*. . . . *relationships* are an *increasingly important* factor in more senior roles.**

Executive coach Marshall Goldsmith has said and written repeatedly that **the higher you rise in an organization, the more likely your problems are *behavioral* in nature**.

With a little reflection, common sense will lead you to the same insight. People rise to positions of authority in the first place because of their knowledge, skill, and hard work.

- A person would not rise to the position of Office Manager if he did not already possess a foundation of knowledge and skills regarding the details of the business.

- A Director of IT would not be in that position if she had not already demonstrated deep knowledge of computers, software, and IT systems.
- A Chief Financial Officer would not hold that job if she had not already mastered how to read a balance sheet and income statements, or had not learned how to manage money on a large scale.

No, you *assume* these things about anyone holding a significant and powerful job. Goldsmith comments (emphases mine):

**That's a big reason why behavioral matters become so much *more critical* as you climb up the upper rungs of the corporate ladder. All other things being equal, your people skills (or lack thereof) become *more pronounced* the higher up you go.**

So why do so many of those smart, hard-working people fail when they rise to new positions? In short, it's because **they simply keep doing what they have been doing** — performing according to their strengths — while failing to recognize the higher relational demands of the new level.

### Relational challenges

What are the new capacities that become increasingly necessary as a person moves up?

- ***Relating to your superior.*** The higher they rise in a knowledge-based hierarchy, the more managers are required to set their own priorities and manage their own work. That means building and maintaining rapport with their superior is critical. If the boss's trust in the manager becomes shaky, his "managerial anxiety" will sound the alarm. Micromanaging with increasing demands and scrutiny will quickly follow.
- ***Relating to your peers.*** The higher one rises in an organization, the more the manager's work is interrelated and

interdependent with other departments and individuals. On the peer level, no one has organizational power over another. Help and support will be offered freely, if at all. Therefore, a manager who offends others and gains a reputation as "difficult" will find that other leaders are less than eager to offer help or do favors. Inefficiency and huge amounts of wasted time follow.

- ***Relating to subordinates.*** The higher one rises in management, the more one's subordinates are also knowledge workers who require increasing freedom to manage their own work. Command-and-control managing that may have worked at lower levels (though not very well even there) proves counterproductive and ineffective with professionals. Instead, giving clear expectations regarding **outcomes** while allowing the subordinate more autonomy to decide *how* to accomplish it becomes the emphasis. The manager must learn to motivate on a new level, in ways that resonate with a different kind of employee. Positive relationships built on mutual respect are necessary.

Every failure in one of these dimensions dings away at the leader's credibility, resulting in losses of time, efficiency, effectiveness, and, ultimately, **results**. Ironically, it's the manager's past *successes* that have set him up for this. **He fails to take seriously that business is all about working with people.** Even when there is a high knowledge or skill component to a job, you must communicate with, work alongside with, coordinate with, and lead **people**.

That's why it's all about **behavior** at the top. If you aspire to climb in organizational leadership, you must invest as much attention to relationship building as you do to gaining knowledge and skills. **U**