10 Costly Management Mistakes that CEOs Don't Realize They Make

A special report by

Lisa M. Aldisert

June 2011

(tel) 212-332-3242 • www.pharosalliance.com • lisa@pharosalliance.com

The managerial road is much harder than it looks.

Just when you think you have a moment to breathe and focus on your core business activities, something happens with one of "those pesky employees" that takes on a life of its own. The result? You end up in a tailspin, lose focus, and get mad because you need to deal with something that you don't want to deal with.

The truth is, the employee issues are part of your job, like it or not.

Whether you're a CEO, executive, entrepreneur, business owner, or practice professional, chances are that you struggle with the push and pull of management challenges. Even if you're a project or task manager, people are at the center of your work.

Some leaders are quite good at handling these situations and manage accordingly. Others bury their heads in the sand and lay low, wishing the problem will magically take care of itself.

The vast majority of executives, however, exist somewhere between these two ends of the spectrum. They pay attention to some issues but ignore others altogether. For example, some will solve routine mundane problems and simultaneously profess to be too busy to deal with something like team compatibility issues.

This report touches on 10 costly management mistakes that are examples of blunders made every day by well-meaning executives, regardless of how smart they are, where they went to school, the years of experience they have, the accolades they receive

212-332-3242
lisa@pharosalliance.com

from their peers, the awards they receive in recognition of their accomplishments…..you get the picture!

Simply put, "the people factor" complicates every leader's job because people are complex. When you interact as a leader or manager, you need to take into account so many more factors than what the situation appears to need on face value.

And quite unintentionally, mistakes happen. You're human, and this is what happens on the job.

These mistakes are not theoretical examples. I've helped clients with variations of each of these mistakes over the years. I'm here to tell you that nothing surprises me any more!

Seriously, I think that the job of leader/manager is harder than ever because the myriad demands of the workplace have become more complex, more stressful, and more time-sensitive. The expectation of high performance with fewer people and in less time has become the norm in today's workplace.

The important thing to keep in mind as you read this report is that there are costs associated with these mistakes. Some are harder to quantify than others are, but with little calculation, these mistakes can add up to thousands of dollars fairly quickly.

Simply put, *if you don't take action, it's going to cost you.*

So let's dig into these mistakes so you can get an idea of what that price tag looks like for *you*.

212-332-3242
lisa@pharosalliance.com

Mistake #1: *Incongruent decisions about your employees*

This mistake appears in many different forms, but a good example is promoting a long-tenured senior-level person after he has whined incessantly about not feeling appreciated. The problem occurs two months later when you realize that this person really hasn't been performing his job competently, and you decide to fire him.

Here's the truth: you probably questioned this person's competence at the time that you gave the promotion, but promoted him anyway because the person is, quite simply, annoying. You figured that "it" would work itself out (in other words, you chose to ignore it), until one day the situation rose to a head, and you found yourself caught in an impossible position.

In this case, you have the economic cost of exiting someone you recently promoted, the emotional cost of facing your mistake, and, of course, the cost of replacing the employee under more stressful circumstances.

Mistake #2: *A flat organization with too many direct reports*

This mistake often happens in a growing entrepreneurial organization when the founder/CEO still thinks that the company is still small enough for everyone to report to her. She articulately proclaims her support and loyalty and how much she cares about her people…until one day someone calls her out for not being accessible.

212-332-3242
lisa@pharosalliance.com

The reality is that the business of growing the company has superseded managerial responsibilities. Previously beloved by her team in the earlier days of the company, the unknowing leader is now the subject of constant water cooler criticism. She firmly believes that she's giving her employees enough guidance and attention. Not only is this a misjudgment, it's usually far from the truth.

Weaker morale and lower productivity are two costs incurred from this mistake, along with the distinct possibility of losing some top performers when they reach their tipping point of patience.

Mistake #3: *Holding "favorites" to a different standard*

Sometimes well-intentioned leaders hire friends or family members to fill key roles that, in truth, they are not qualified to handle. The leader has a blind spot (and, of course, denies this), and lauds the non-performing friend in front of an incredulous staff.

There are a number of things that can backfire from this, not the least of which is that if the leader lets the family member's behavior go unchecked, the employees become increasingly resentful of the favoritism. Worse, of course, is that they begin to lose respect for the leader who created this problem, and the leader's credibility suffers as a result.

The costs from this mistake are similar to Mistake #2, lower morale and productivity and the potential loss of good people.

212-332-3242
lisa@pharosalliance.com

Mistake #4: ***Holding on to weak performers***

This is another blind spot problem. The leaders who tolerate poor performance usually have the opinion that it's better to keep slackers in their roles, than deal with making changes, even when it's obvious that changes are essential.

This isn't about leadership laziness. It's about inertia ("Do I really need to deal with this?") or overwhelm ("I don't know where to begin to solve this problem.") or fear ("What will happen if I can't find anyone to replace him?"). In any case, the cost of holding on to the weak is not only the cost of weak performer's compensation (from which you are most likely not getting any return), but the cost of lower morale among the rest of the staff.

Mistake #5: ***Delivering hard messages too softly***

Some wonderful executives are *so nice* that they are tongue-tied when they convey difficult messages to their people. In fact, often they deliver this feedback with such a soft touch that the employees leave the meeting thinking that everything is great and they're on top of the world.

Your need to effectively manage and grow your business ought to bear more weight than hurting your employee's feelings when delivering a tough message. At the end of the day, you're doing a disservice to employees when you aren't clear about your expectations and your opinion about their performance.

212-332-3242
lisa@pharosalliance.com

In this mistake, your cost of not confronting your employees with direct feedback is the opportunity cost of them not being able to perform up to par (because they didn't hear you).

Mistake #6: *Using the excuse of "I hate to manage" to not manage*

This is a favorite. It's particularly popular with business owners and entrepreneurs. You may hate to manage, but you're going to hate your business if you *don't* manage.

If you really hate to manage, then you need to do one of a few things. (1) Hire someone to manage, (2) change your business so that you don't have to manage, or (3) suck it up and manage.

This mistake is more difficult to quantify because you don't know what you don't know. In other words, if you're not managing, you don't know what is or isn't going on, and how it affects your bottom line.

Mistake #7: *Living in the past*

Some executives manage the same way they did twenty or thirty years ago. I hate to break it to you, but changing times includes changing management techniques. As an example, 30 years ago when "command and control" was a typical management style, managers gave orders and employees complied.

212-332-3242
lisa@pharosalliance.com

If you're operating under such a paradigm today, I'll make a safe bet that you're getting minimum performance from your people. Your cost is the cost of lost productivity and probably lousy morale.

Mistake #8: *From micro managing to over delegating*

No one likes be micro managed. Having someone hover around you all of the time is distracting, demoralizing and counterproductive. On the other hand, managers who delegate everything all of the time aren't a better solution. Over delegating can be as bad as micro managing because they are at opposite ends of the managerial spectrum.

People who are micro managed can become resentful and unproductive employees. Over delegated employees can become bewildered and unfocused. In both situations, the costs come from the extremes.

Mistake #9: *Assuming that your employees have a sense of ownership*

Some business owners and entrepreneurs believe that by creating an amazing work environment and going out of their way to engage their people, that their employees will have a sense of ownership and perform accordingly. Sadly, this is usually a myth. I encourage you to create an amazing work environment, but caution you to manage your expectations.

212-332-3242
lisa@pharosalliance.com

Employees might have a sense of ownership if they own something. And even then, it’s still unrealistic to expect them to produce the same blood, sweat and tears that you do to make it work.

The costs associated with this mistake are intangible, such as your anger or disappointment when your people don’t live up to your expectations.

Mistake #10: *Thinking you have a great management team, so you no longer need to manage*

I’ve known managers who were completely blindsided when they followed this path. You may be operating in your own little world and are clueless about what’s really going on with your management team….until that day when all heck breaks loose and you realize that your management team isn’t playing well in the sandbox.

This is a time when finger-pointing becomes an art form, and truth be told, it’s really *your* problem because while you assumed that things were going along *status quo*, power shifted to your dysfunctional management team and now you have a mess to deal with.

The cost of this mistake depends on how big of a mess has developed.

***

212-332-3242
lisa@pharosalliance.com

If you saw yourself in any of these scenarios, I urge you to step back, take stock and fix it. Put some numbers to your mistakes to get an idea of the economic loss you're suffering. As I mentioned in the beginning, these mistakes are derived from real situations that I've observed over the years, and represent some of the more challenging ones.

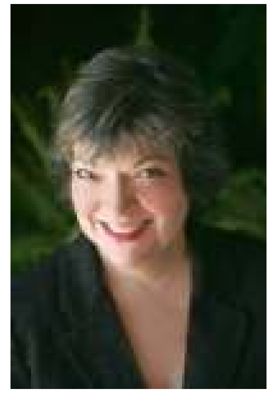
Most people evolve into leadership roles without sufficient preparation and training about how to manage well, so don't beat yourself up about what hasn't worked until now.

It's time, though, to do something about it, so instead of brooding, take some action.

Please feel free to contact us if you'd like some direction to get back on track.

212-332-3242
lisa@pharosalliance.com

LISA ALDISERT



DR. LISA M. ALDISERT

Dr. Lisa Aldisert believes you cannot lead with fear. That's why as an executive advisor, she teaches leaders to embrace courageous leadership. Working closely with her clients, Aldisert helps develop leaders' ability to build character, trust instincts, respect time, leverage communication skills, enhance original thinking and respect time.

When these leadership skills are unleashed, leaders have less fear, more wins and overall greater velocity in their careers. It's something Aldisert has defined as "Truly Fearless Leadership™," and she's intensely passionate about it.

Using intellectual property developed over the last 35 years in business, Aldisert implements the practices and habits that build leaders who are insightful, empathic, influential, and who can respond to any pressure or opportunity with nerve and composure.

Based in New York City, but an avid traveler and citizen of the world, she has crafted Truly Fearless Leadership using her unique blend of experience in working with corporate conglomerates, family-owned businesses operated by entrepreneurs, and as a business owner herself. Always curious and eager to learn, Aldisert holds bachelor's and master's degrees from University of Pennsylvania, and a MBA and an Ed.D., both from Columbia University.

When not working with clients, she also relishes the opportunity to present in front of groups. With a delivery style described as "insightful," "compelling" and "thoroughly enjoyable," she provides unique perspective on leadership, women in business, family-owned enterprises and the changing face of the United States workforce. Aldisert is most intrigued by opportunities to facilitate discussion and tease out dialogue.

Aldisert the author of *Valuing People: How Human Capital Can Be Your Strongest Asset* (Dearborn), the co-author of *The Small Business Money Guide: How to Get It, Use It, Keep It* (Wiley), and the forthcoming *Leadership Reflections: 52 Leadership Practices in the Age of Worry*.

When not traveling for work or pleasure, Aldisert is mom to Bosco, who fearlessly leads her on walks throughout New York City and the world.