Why CEO’s Fail

I recently revisited an article written by Ram Charan and Geoffrey Colvin entitled “Why CEOs Fail”. It popped into my head one afternoon at the cottage, and after a quick Google search I was able to locate it in the Fortune Magazine archives at the link below. When I looked at the original publish date, I was shocked to realize that it had been published over 16 years ago, in June of 1999. Once I recovered from that, I reread it only to be even more stricken by how absolutely applicable every single word of it is today.

Over these past 16 years, CEOs have continued to succeed and CEOS have continued to fail, just as often (if not more frequently) than during the time this article was written. The players are different now and the article could be republished with updated examples, but it really isn’t necessary, because the fundamental reasons for success and the fundamental causes of failure remain categorically the same.

Charan and Colvin argued that while strategy matters, it simply isn’t enough. Decisiveness and follow-through, effective execution, and an unwavering commitment to deliverables are the key components to CEO success every time. “So how do CEOs blow it? More than any other way, by failure to put the right people in the right jobs - and the related failure to fix people problems in time. Specifically, failed CEOs are often unable to deal with a few key subordinates whose sustained poor performance deeply harms the company.”

It’s no different now. I see this regularly in our work with clients. Let’s face it, relationships are difficult to experience objectively, they are difficult to manage effectively, and often, in business just as in personal life, people can be late to identify when a relationship fails to add value anymore, or worse, becomes a detriment to success. Employee performance impacts execution. Execution drives the success or failure of an organization. Period. And CEOs who cannot see themselves as accountable not only for their own performance, but for the performance of all players in a position to either drive or compromise organizational success, are not going to make it. Relationship blind spots have been the downfall of more than one potentially great, but ultimately failing leader. This is truly the key.

There is far more insight to be taken from this article in its entirety and, 16 years later or not, I definitely recommend a read (or re-read) of this Forbes magazine classic on why CEOs fail!