

Leadership Theories and Case Studies

Leadership Theories and Case Studies:

An Epidemiological Perspective

By

Garry Wade McGiboney

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This book is dedicated to my son,
Matthew McGiboney, BBA.

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INTRODUCTION

In her book *Bad Leadership*,¹ Barbara Kellerman identified several types of leadership that could be considered destructive: incompetent, rigid, intemperate (lack of control), callous, corrupt, insular, indifferent, and evil (vindictive). Rising to a level of incompetence is not readily apparent to some leaders because a few of them are oblivious to their own shortcomings or they are in a state of denial about their own level of ability and are blinded by their ambition. Also, an incompetent leader is often unaware of his own circumstances because of the grip of his ego. Ryan Holiday wrote,

*Ego is the enemy of what you want and of what you have: Of mastering a craft. Of real creative insight. Of working well with others. Of building loyalty and support. Of longevity. Of repeating and retaining your success. It repulses advantages and opportunities. It's a magnet for enemies and errors. It is Scylla and Charybdis.*²

Some leaders view rigidity and stubbornness as an asset and as a leadership function. Sometimes this type of leadership comes with the encouragement (intentionally or unintentionally) of the organization in which the leader works. It is an extension of the military model of leadership and is reinforced typically at the beginning of a leader's time at the helm of an organization as a clear message to everyone that "a new sheriff is in town." This type of leader is determined to be the boss and everyone must follow blindly or leave immediately. Any employee that disagrees with the rigid leader is branded a trouble maker and is considered disloyal to the organization. This type of "bad" leadership has many elements to it.

In the field of epidemiology, the word "determinants" is used to describe those elements that are causal factors in determining an outcome or

¹ Barbara Kellerman, *Bad Leadership*, (Harvard Business Review Press, 2014).

² Ryan Holiday, *Ego is the Enemy*, (Portfolio, 2016). Note: *Scylla* and *Charybdis* are monsters in Greek mythology and are in Homer's *Odyssey*, Book XII—the comment "It is Scylla and Charybdis" is in reference to being caught between two irrepressible monsters.

circumstances, such as the determinants of a disease.³ It is important to note that determinants are not random—they occur in patterns and for a reason.

The negative determinants that come from a leader who has a callous disregard for employees or who is ego-based and detached from employees or who cannot make decisions or who makes reckless decisions are often the same leaders that lack self-control, but the lack of self-control is not necessarily manifest in verbal outburst or overtly aggressive behavior. Instead, many destructive and ineffective leaders contrive to embarrass, control, demean and discourage employees in a variety of ways: through other employees, through sarcasm in front of others, by marginalizing the duties of employees or by demoting employees.⁴ There are many examples of how these destructive traits take leaders to a point where self-importance causes the demise of an organization and the destruction of the leader's influence if not his career, as he spirals into a pattern of leadership corruption that leads to insularity and isolation and even to what Kellerman calls "evil."⁵

An article in *Psychology Today* titled "*A Toxic Leader Manifesto*" by Alan Goldman describes the role and outcome of destructive leadership and how that type of leadership style creates a negative workplace climate.⁶ Goldman challenges toxic leaders in a sarcastic tone. If a leader is determined to be destructive; if that seems to be the only way to lead an organization, Goldman wants, with tongue-in-cheek, to make sure that type of leader does it "correctly." Although Goldman is approaching the topic in a sarcastic manner, there are many essential and meaningful points to gain from his "manifesto" because it adroitly characterizes all that is wrong with a toxic leader.

It is essential to bypass dialogue and question and answers; the leader must attack, deflate or discard employees who are identified as lacking in any way or who dare challenge the leader; bullying must be cultivated and perfected; the leader must yell at and demean employees who fall short, error or are deemed annoying; the leader must stifle any workplace conversation that questions the leader; all attacks against employees must be brought forth into public forums for all to witness; it is mandatory to yell at employees in an effort to promote fear, humiliation and sufficient loss of face; when criticizing

³ *Principles of Epidemiology in Public Health Practice- Third Edition*, (Centers for Disease Control and Prevention, 2010):

<https://www.cdc.gov/ophss/csels/dsepd/ss1978/lesson1/section1>.

⁴ Jack Welch, *Winning*, (Harper Collins Publishing, 2005).

⁵ Barbara Kellerman, *Bad Leadership*, (Harvard Business Review, 2014).

⁶ Alan Goldman, "A Toxic CEO Manifesto," *Psychology Today*, July 2011.

*employees the leader must carry this forth harshly and publicly without any opportunity for the offending employee to respond, and the destructive leader must remember that civilized and substantive feedback is his mortal enemy.*⁷

Additional research on destructive leadership can be found in Lipman-Blumen's book, *The Allure of Toxic Leaders*, which addresses why employees follow the toxic or destructive leader-typically from a basic need to survive.⁸ Employee compliance gives the leader the false impression that he is a good leader and virtually everything he does is appropriate; therefore, the leader believes that his leadership style is effective in the organization. He sees employees being compliant; he sees employees implementing his policies without question, and he hears no criticism of his leadership style or any feedback from his staff that suggests the conditions in the workplace are negative.

Many times, the internal negative determinants of an organization are hidden by a temporary boost in productivity or the illusion of productivity. In this scenario, the board assumes that the new leader is really "shaking things up" and, consequently, improvement, success, and prestige cannot be far away. Lipman-Blumen found that some employees think a strong, dominating, overbearing, cruel leader is attractive and necessary. Typically, employees who fall into this category are those that had little respect for the previous leader and think a new "ass-kicking" leader will bring back past glory. However, there are employees with so little self-respect and self-confidence that they think they deserve someone that is cruel and insensitive.⁹ And, of course, there are employees who think being an insensitive and bullying leader fits their style of management, so they view the totalitarian leader as a role model.

It seems that a destructive leader would be easy to identify and dismiss; therefore, it is puzzling why so many destructive leaders exist and it is equally interesting why so many continue in leadership roles for years in organizations before their brand of caustic and negative leadership negatively impacts the organization. However, it makes sense when we look at the profile of many such leaders.

The destructive leaders can be smart, strategic, manipulative, skilled, observant, instinctive, perceptive, articulate, and very persuasive. These are skills that many successful leaders possess, so it is not surprising that

⁷ Ibid.

⁸ Jean Lipman-Blumen, *The Allure of Toxic CEOs*, (Oxford University Press, 2006).

⁹ K.R. Harrison, *Victors and Victims*, (Authentic Publishers, 2014).

destructive leaders continue to find work at significant levels of influence and control in organizations. The boards that select this type of leader are naturally very defensive about their selection and are quick to point out the qualities of the leader that first made the person attractive for the position. This is called *cognitive dissonance*—a decision is considered correct even in the face of opposing facts because it must be justified.¹⁰ This is a vague and weak excuse, for seldom does a destructive leader first show signs of venomous behavior when he becomes the leader of an organization. There is usually a telling work history of the leader that some boards ignore or perversely thought were the types of behavior and attitude needed in the organization.

The powerfully negative impact of destructive leadership and the determinants that shape the leadership style can eventually reduce profits, weaken effectiveness, dampen the competitive edge, stifle innovation and improvements, disrupt the strategic plan, negatively impact the workforce, and drive organizational purpose into the ground. Studies by the Harvard School of Business estimate the cost of a failed executive leader at anywhere between \$1 million to \$2.7 million, depending on the size of the organization.¹¹ Regardless of the size or type of organization, few can afford for its leadership to fail.

Destructive leadership takes a significant toll on morale and productivity. Studies show that over 40 percent of American employees classify their jobs as stressful and 75 percent of employees said the most stressful part of their job is the behavior and attitude of their immediate supervisor.¹² Studies also indicate that many employees would prefer a more conducive, healthy, and positive working environment over a higher salary.¹³ These same studies point to workplace climate as a reflection of leadership.¹⁴

Destructive leadership behavior in non-profit organizations negatively impacts donations, reduces the volunteer workforce, and causes a reduction in services to the community. Negative and ineffectual leadership in businesses, educational organizations, such as private and public schools and colleges, and other organizations is equally devastating. Careers are destroyed and the

¹⁰ Leon Festinger, *A Theory of Cognitive Dissonance*, (Stanford University Press, 1962).

¹¹ Pamela Mendels, "The Real Cost of Firing a CEO," *Chief Executive*, April 1, 2013.

¹² National Institute for Occupational Safety and Health, Publication #99-101, 1999.

¹³ Demet Leblebici, "Impact of Workplace Quality on Employees Productivity," *Journal of Business, Economics and Finance Survey*, Volume 1, Issue 1, 2012.

¹⁴ Ibid.

collective negative impact on the community of stakeholders is negative and far-reaching.

A conundrum is that the elements of good leadership and destructive leadership are so closely aligned that it is not simple to discern the two. This coupled with the dearth of people qualified to be effective leaders creates a near crisis in some organizations. However, the negative impact can be controlled and managed when components of destructive leadership are revealed in organizations by descriptions of behavior and the consequences of such behavior, as well as clearly delineated examples of non-productive leadership versus productive leadership. That is the purpose of this book.

Descriptions of leaders and their behaviors are central to better understanding why boards cannot misstep when choosing a leader and why leaders must understand their role in organizational leadership and leadership accountability.¹⁵ Furthermore, this book includes research and case studies that offer valuable tools and lessons for leaders.

Many people and students of leadership look at examples in the business world and in business-related articles and books to glean information about good leadership to more easily recognize flawed leadership, but seldom will business leaders and non-education entities look at examples of flawed leadership in education and non-profit settings as a learning tool. This book offers lessons for anyone interested in leadership by exploring multiple types of organizations.

But there is something else to offer here, too. Any discussion about the determinants of destructive leadership would not be complete without also including what works. Destructive leaders, boards, and organizations are not necessarily lost causes. There are “antidotes” to the poison of destructive leadership. Sometimes the antidote is disproportionate to the number of determinants to counteract the effects; for example, it takes a steady and long-term “dose” of *servant leadership*¹⁶ to counteract the destructive effects and aftereffects of dictatorial leadership.¹⁷

The case studies in this book of leadership and governance, including both destructive and effective leadership, come from several sources. There are 500 references and over 50 case studies analyzed to illustrate leadership

¹⁵ Kelly Hannum, Jennifer W. Martineau, and Claire Reinelt. *The Handbook of Leadership Development Evaluation*, (Jossey-Bass Publishers. 2006).

¹⁶ Robert Greenleaf, *Servant Leadership: A Journey into the Nature of Legitimate Power and Greatness*, (Paulist Publishing, 2002).

¹⁷ Ibid.

points. Some of the case studies are troubling and some are reassuring. Some case studies are puzzling but they are all revealing.

The message should become clear when reading this book that boards and leaders should be held accountable for allowing a destructive workplace climate to contaminate what otherwise could or should be a healthy organization. Of course, there are well-functioning organizations with effective leadership and governance; however, research shows that half of the people currently new in leadership positions, at least in the western culture, will fail.¹⁸ They fail primarily due their inability or unwillingness to build and maintain a productive team, a positive work climate, and a leadership style that encourages and motivates employees. However, it does not have to be that way.¹⁹

In this book, the word “determinant” is used frequently. It is a concept that no other book on leadership uses. The word and concept come from the field of epidemiology. Epidemiologists work from two basic principles: (1) all diseases have determinants and (2) diseases do not occur randomly.²⁰ In other words, there are always causes for diseases and there are patterns that reveal how a disease spreads, which holds the key to how it can be prevented and treated. Effective and ineffective leadership can be viewed the same way because there are always determinants and those impacts are not randomly distributed; the impacts are uniformly and deeply spread throughout an organization. Epidemiologists look for treatments, also, by matching the determinants to the disease. Like the epidemiologists, this book not only identifies determinants, such as arrogance, it also provides research-based “antidotes” to the determinants at the end of each chapter.

At the end of each chapter, there is a list of key terms and concepts, discussion items, and lessons learned highlights. At the end of the book is a section on leadership and motivation theories and models, as well as a section that provides leadership style surveys and assessments that can help readers identify their leadership style while also becoming aware of what changes in leadership style can improve the workplace. The reference section includes numerous citations and advanced reading suggestions.

¹⁸ Jacquelyn Smith. “Commons Reasons Half of All New Executives Fail,” *Business Insider*, March 2, 2015.

¹⁹ Ibid.

²⁰ R. Bonita, R. Beaglehole, and T. Kjellstrom, *Basic Epidemiology—2nd Edition*, (World Health Organization, 2006).

CHAPTER ONE

LEADERS AND BOARDS

“The trouble with the world is that the stupid are cocksure and the intelligent are full of doubt.”

-Bertrand Russell¹

Determinants: The role and duties of board members in every organization is important. Board members should not become involved in the daily operations of the organization. Board members that interfere with the daily operations of an organization have a detrimental effect on the entire organization, from top to bottom and inside and outside the organization. Leadership from the board that is self-focused, narrowed-minded, self-serving and that sacrifices the best overall interests of the organization at the altar of self-indulgence is a potentially destructive force. That type of leadership from the board can be destructive to an organization’s efficiency, reputation, and ability to hire and retain quality leaders and employees. Also, boards that interfere with the daily operations of an organization are prone to select leaders that do not encourage and nurture creative and independent thinkers. An organization’s leadership that capitulates at all costs to the board sacrifices his effectiveness and loses the confidence and trust of employees and others. This double dose of negative determinants jeopardizes the future of the organization by leading to decisions that may cost the organization in untold ways for many years. Yet, board members can be the foundational strength of an organization.

Boards must limit its operational intrusions and the leader must have the courage to say no to the board leaders, and they, in turn, must trust his judgment and respect the purpose of the organization. Obviously, board members should be active partners with the leader and bring insight, experience, and suggestions to the leader but not in a manner that forces action. Forcing a leader to act can threaten the level of trust in the

¹ Nicholas Griffin, Ed, *The Cambridge Companion to Bertrand Russell*, (Cambridge University Press, 2003).

organization. On the other hand, a disruptive or an inactive or overly deliberate and cautionary leader can force a board to become involved in the operations of the organization to fill the vacuum of leadership.

Leaders and Boards–Interactions

It is a simple but unfortunate truth that many citizens, employees, stakeholders, and investors are not aware of the decisions made by boards and organization leaders until or unless negative events reach the news media or sudden decisions are made inside the organization that comes as a surprise to everyone. Even in organizations where investors, clients, and citizens have a key role to play they remain almost completely and totally disengaged. The level of disengagement is highest with boards that oversee organizations providing services to communities. This is disturbing when one considers that most boards, such as boards of public education and local governments in the United States, are elected.

Citizens could have more of a voice in public policy and local services if they participated in the local board election process. Many citizens cannot name their own board representatives whether it is their school board members, county commissioners, or city council members.

According to the Civic Index for Quality Public Education (Civic Index), a non-profit entity,

In more than 90 percent of the nation's public school districts, elected boards serve as governing bodies and provide leadership in support of education. District boards are often the smallest and most localized elected bodies of our country's governing structures. Unfortunately, the public often overlooks its local board activities and elections while paying more attention to state and national elected officials. Board meetings are often under-attended or seem to be controlled by a few vocal individuals or interest groups. Board members themselves are often doubtful of the public's desire to become involved and informed about issues. In the high-pressure situations common to boards, it is often easier to decide than to reach out to the public and obtain their views before voting. Moreover, in our fast-paced society, members of the public often fail to make the effort to get involved in board issues²

According to Fredrick Hess, most governmental boards are composed of five to eight elected members.³ Many board members are employed full-time

² *Civic Index for Quality Public Education*, (Public Education Network, 2008).

³ Fredrick Hess, "The Role of the Local Board." *Center for Public Governance*, 2002.

in a business or some other type of organization, but only a few have a professional background. Individual board members work on average 25 hours per month on board tasks.

In a survey by the Iowa Boards Association (ISBA), the results indicated that only 10 percent of registered voters participated in board election races.⁴ According to the ISBA, the percentage had dropped to six percent in some communities. The Civic Index found that 48 percent of citizens could not name one member of the local boards that make decisions that impact citizens, businesses, and others. This is an incredibly low percentage and in large part explains why many board members disagree with each other and often show little interest in working together because there is virtually no accountability for their behavior, leadership, or effectiveness and few people are present to witness the behavior. Consequently, an increasing number of organizational leaders have conflicts with their boards.⁵ It should also be noted that employees of non-profit agencies and businesses could not name any members of their respective boards either.⁶

Board members themselves complain that board meetings are generally unproductive since the few people who attend the meetings do not have the larger best interests of the community at heart; instead, the few that do attend board meetings usually advocate for narrow, self-interest topics.

According to the Civic Index, boards, such as education boards, report little public involvement.

While these individuals control the education of all the children in a community and can impact other aspects of the community, research and policy analysis of the way schools are run tells us that the public is uninvolved in keeping boards responsible for their decisions and actions. In fact, public participation has been described as disorganized and occasional.⁷

Hess also found that when boards focus on their mission and adopt the strategies of working together, action planning, and evaluation, the results are positive – outcomes improve as does the fiscal management of the organization.⁸ Too often, however, boards do not function that way.

⁴ *Local Board Voter Participation Survey*, (Iowa Boards Association. 2007).

⁵ Kent Weeks, *Boards: Duties, Responsibilities, Decision-Making, and Legal Basis for Local Board Powers*, (State University Press, 2000).

⁶ Ibid.

⁷ *Local Board Voter Participation Survey*, (Iowa Boards Association, 2007).

⁸ Frederick Hess, *The Role of the Local Board*, (Center for Public Education. 2002.)

Case Study #1

A school district in Georgia, United States of America, lost its accreditation because of the behavior of board members and not because of low student academic performance, mediocre teacher or administrator performance, nor was it due to financial issues. The school district lost accreditation because of the outrageous behavior and actions of the board members. The board members tried to force the superintendent to make personnel decisions that favored friends and relatives; they were frequently disrespectful to each other and to the superintendent in public sessions, and they went into schools and intimidated principals and teachers.

The Southern Association of Colleges and Schools (SACS – also referred to as AdvancEd), an accrediting agency approved by the United States Department of Education, previously warned the school district's board members about their unprofessional behavior. In fact, the school district was put on probation by SACS several years before losing accreditation for the same type of misbehavior. After a few years on probation, the school district was removed from probation status. New board members were elected (with a 10 percent voter turnout); however, within just a few years the same problems were cited again by SACS. Citizens and the professional community began to question the power and influence of SACS because the behavior of the board did not change; in fact, the board became even more dysfunctional, even after SACS issued warnings and provided governance training and other interventions. At the same time, SACS officials began to question how seriously the citizens and community leaders wanted the board to improve because the same members were re-elected.

When SACS finally pulled the school district's accreditation due to the behavior of the board members, the community was incredulous. The loss of accreditation had a profoundly negative impact on students graduating from a non-accredited school district, which impaired the students' chances for college acceptance and college scholarships. Also, the loss of accreditation negatively impacted local businesses and property values. However, during the decade of poor board governance, local business leaders made no effort to improve the conditions or influence the board nor did they become involved in the election of board members.

The Role of Boards

Business boards, non-profit boards, and other institution boards often make the same mistakes, with the most common getting entangled with personnel issues.

Ellis Carter writes about non-profit board members that interfere with the day-to-day operations of organizations, which causes disruptions and confusion with functions and employees.

For a nonprofit organization with paid staff, once board members demand keys to the organization's offices and start making direct demands on staff members that report to the chief executive, the board has crossed the line. The board's key duties are to provide oversight and strategic direction, not to meddle in the organization's day to day affairs. Board members who cross this line are undermining the authority of the chief executive to their own detriment and should be prepared to quit their day jobs. Similarly, staff should not invite micromanagement by asking the board to take on day-to-day tasks that the staff should be handling. The size and budget of smaller organizations necessitate some blurring of these lines, but board members and staff should know their roles and attempt to adhere to them as much as possible.⁹

In an article entitled *Boards: Duties, Responsibilities, Decision-Making and Legal Basis for Local Board Powers*, Kent Weeks writes about how board members confuse their role as policy makers and disrupt administrative operational decision making.

A regular criticism of local boards is the tendency of board members to confuse monitoring of key outcomes and executive performance with prescribing how to manage the components of the system. A study conducted in West Virginia found that boards spent 3 percent of their time on policy development and as much as 54 percent of their time on administrative matters. A study of fifty-five randomly selected boards indicated that financial and personnel issues were among the most frequent areas of decision-making, displacing deliberations on policy by a significant margin. The local board has a vital role in providing leadership, serving as a forum for citizen input relevant to public interests, and inculcating the beliefs, behaviors, and symbolic representations that define the organizational culture of the organization. In this role, the board's responsibilities include adopting a

⁹ Ellis Carter. "Top Ten Non-Profit Governance Mistakes." *Charity Lawyer*, September 12, 2009: charitylawyerblog.com/2009/09/12/top-ten-non-profit-governance-mistakes/#ixzz4K9x8oqJc.

*unifying vision and mission, soliciting and balancing the participation and input of members of the community, and advocating on behalf of the needs at the local, state, and national levels. Consistent with this leadership responsibility, the local board should emphasize the standard of continuous improvement for its own operations as well as that of the community as a whole and undertake to evaluate its performance and improve upon that performance.*¹⁰

The United States of America national report *Facing the Challenge: The Report of the Twentieth Century Task Force on School Governance* recommended that boards focus on their role as policy makers instead of trying to be management committees:

*Clear delineation of roles and responsibilities between the board and the CEO, clearly stated expectations, continuous sharing of information, and open, honest communication among all parties nurture a positive relationship between board members and their respective CEO.*¹¹

Boards must trust the organization's leader and leadership team to make administrative decisions that are best for the organization.

Boards often select leaders for short-term reasons and not with the future in mind, and many of the board members do not understand how the organization operates daily; therefore, they do not understand that running an organization is a complex task that can be negatively impacted by board behavior and the selection of a leader that does not meet the needs of the organization.

In some cases, board members previously worked in the same organization or in a similar organization; therefore, they may think they know how the organization operates or should operate and what the leader should do to make the organization run effectively. But the reality is that once a person is removed from the daily operations of an organization it all changes very quickly and the perspective is from a different angle, so while previous experience can be beneficial, it does not equate to the board member possessing more knowledge of management than the organization's leader, and it certainly is no reason or excuse for interfering with the daily operations of the organization.

¹⁰ Kent Weeks, *Boards: Duties, Responsibilities, Decision-Making, and Legal Basis for Local Board Powers*, (State University Press. 2000).

¹¹ Jacqueline Danzberger, *Facing the Challenge: The Report of the Twentieth Century Task Force on School Governance*, (Brookings Institute. 2002).

In diverse types of organizations, there are examples of board interference. In a widely publicized case reported in the *St. Louis Business Journal*, a member of a bank board resigned, complaining that the chairman of the bank's board constantly and consistently interfered with the CEO and managers of the bank. After resigning from the board, he wrote:

*The present management staff does not have the ability to run the bank under the conditions set forth by the chairman of the board. The board will not allow the management to run the bank.*¹²

The chairman of the board had previous banking experience and thought he knew more about operating a bank than the leader the board hired to run the bank.

In another example, a board member of a private school insisted on major renovations including a six-classroom addition to the elementary section of the private school even though the school was experiencing declining enrollment. The school director and other members of the board capitulated to the board member's demands, so dollars went toward the unnecessary renovations of the school. This decision cost hundreds of thousands of dollars, damaged morale, and eroded community and employee confidence in leadership because the additional rooms were not used for students; instead, they became storage rooms. Again, the other board members and the school director should have stopped it. More to the point, the parents and other stakeholders should have shown enough interest by selecting more responsible board members and then holding them accountable. This was an example of two elements of poor leadership: bullying behavior and apathy.

Bullying leadership at the governance level not only affects the top management of an organization, it also negatively impacts the entire organization.¹³ When leaders give in to board members although they know the decision does not meet the needs of the organization, they have diminished their influence. At the very least the leader should try to persuade the board by doing research, finding the facts, and collating and reporting the facts that clearly show that a decision is best for the organization and clearly explain why contrary decisions are detrimental. Anything less is a display of

¹² Greg Edwards, "Truman Bank Board Member Resigns Cites Interference." *St. Louis Business Journal*, September 28, 2011.

¹³ Alice G. Walton, "The Dark Side of Leadership." *Forbes*, February 7, 2013.

apathy in the guise of “keeping the peace,” which is an enemy of leadership.¹⁴

Case Study #2

On nothing more than the whim of one board member, a privately held company purchased a large tract of land for millions of dollars that included an abandoned shopping mall with the idea that the company would relocate to the facility after it was remodeled. The board member thought the large parking lot could be used to park all of the organization’s vehicles in one place for logistical benefits, security, and maintenance purposes. The CEO of the company was against the purchase of the property for several reasons, but he did not create a counterproposal nor did he speak out against the purchase, much to the frustration of his executive team. His apathetic response was grounded in fear of the board and his own indecisive leadership style. He adopted the philosophy that “everything will work out on its own.” According to Nayer, leaders become indecisive for a variety of reasons but primarily because,

1. *The leader is a perfectionist who will not decide until every possible piece of data is gathered;*
2. *The leader is paralyzed by uncertainty; or*
3. *The leader prefers the safety of the status quo – go along to get along.*¹⁵

The building was in such bad repair it would cost over \$400,000 to renovate it. Also, upon closer inspection, it was determined that the huge parking area would have to be repaved to handle the weight of the vehicles, which included heavy equipment. The building was purchased and at the time of the publication of this book, it sits unused and deteriorating. The surrounding property has gone to seed. That decision cost almost three million dollars of company assets because one board member insisted that it be purchased, the CEO capitulated and showed no leadership, and no other board member objected. The board and the CEO made lethal mistakes related to poor leadership: they did not plan; they let one board member dominant; they

¹⁴ Grady Bogue, *The Enemies of Leadership*, (Phi Delta Kappa International Press, 1985).

¹⁵ Vineet Hayar, “Managing Three Types of Bad Bosses.” *Harvard Business Review*, December 1, 2014.

misspent assets; they did not do their homework, and they neglected due diligence and sound leadership and stewardship principles.¹⁶

Case Study #3

A non-profit agency that provided essential services to its community was considering expanding its outreach program. To do so, it needed a larger facility. The organization's CEO received permission from the board to develop the expansion concept further. The CEO and his management staff spent considerable time researching all possible pros and cons of the expansion and received many hours of pro bono work from attorneys, real estate agents, architects, accountants, and other professionals. A thorough expansion plan was developed that included the site of the proposed facility, a service map of the projected expanded service area, the reallocation plan of existing staff, an implementation timeline, and a cost-benefit analysis. Everything seemed to be going well during the presentation to the board. However, one board member asked the CEO if he considered vacant buildings in the board member's neighborhood. The CEO replied that the management staff with the assistance of several volunteer professionals considered several buildings and the one being recommended was the best choice. Despite all evidence to the contrary, the board member objected. He insisted on knowing in more detail why the buildings in his neighborhood were rejected. During a board meeting, he said the new facility should be placed in his neighborhood. Showing weak leadership and no skills at negotiation or mediation, the leader and the remaining members of the board invested \$15,000 more in another feasibility study, even though the previous study showed that no buildings in that area of the community would fit the needs and intentions of the non-profit. The follow-up feasibility study results were the same. So, because of one self-serving board member, the non-profit wasted thousands of dollars.¹⁷

Influencing

John Jantsch, the author of *The Commitment Engine*, referred to dysfunctional leadership as “disconnected influence.”¹⁸ This is when the

¹⁶ Pat Curry, “Ten Lethal Mistakes,” 2015, *Bankrate.com*.

¹⁷ Holly Hall, “Feasibility Studies for Capital Campaigns Are a Waste of Money,” *The Chronicle of Philanthropy*, March 17, 2015.

¹⁸ John Jantsch, *The Commitment Engine*, (Penguin Group, 2012).

influence is focused on a board member getting what he wants at the expense of what is best for the organization. A board member suffering from disconnected influence views almost everyone, including fellow board members, as either adversaries or allies and uses what Jantsch refers to as “*conditional compliance*.” This is when the outcomes make him look good and satisfy his egocentric needs. This type of board member takes adversarial positions personally and only focuses on the short-term, regardless of what the long-term impact may be. Contrast this to the healthier and more productive “*connected influencer*.” The connected influencer tries to influence in a positive manner for overall better results for the organization.¹⁹ Jantsch says that the connected influencer is a board member who views other people as collaborators, regardless of whether they disagree with him or not. If there is a disagreement, he will try to better understand why someone disagrees with him. Also, he “*strives to gain sustained commitment and communications*.”²⁰ The power of a connected influencer board member is her ability to persuade without pushing. Therefore, her influence is more profound because it is meaningful and not at the expense of other board members or the organization’s leadership.²¹

Leadership and governance must co-exist and there is no time to waste. As Jantsch points out, board members who insist on “pushing” their point of view without listening to or considering other points of view have a flawed and failed strategy that certainly will not benefit the organization. Jantsch says this approach is deeply flawed.

*Pressing your case too much instead of striving to understand your counterpart’s point of view and perspective is not good for the organization.*²²

The behavior of boards and the failure of an organization’s leader to make tough decisions and stand by them is not an exercise in petty politics that impact only a few people. It is a seriously negative determinant that impacts the entire organization.

¹⁹ Ibid.

²⁰ Ibid.

²¹ Ibid.

²² Ibid.

Case Study #4²³

One year an internationally known commercial development company purchased large parcels of land to build a shopping area with plans to include apartments, condominiums, houses, office building, and a park. It was slated to be a “Live, Work, Play” community. The only remaining parcel of land the company needed was owned by the local school district. The parcel of land was in a strategically important section of the proposed development. The project could not proceed without that parcel of land. An old high school building that housed a non-traditional high school, a small performing arts school and a teacher training center was on the section of property the development company needed to begin the project. Also, there was a 40-year-old high school football stadium in bad repair behind the school building.

The board, school district CEO, local businesses and property owners were in favor of the purchase. However, two local board members who lived in the area were worried about traffic problems. The developer's plans would have relieved traffic in the area, but the two board members spoke out against selling the property. They never said anything about what was best for the entire school district, the business in the area, and what the long-term plan was for the property, or even what was best for students and the neighborhood. However, the two local board members pressed hard to refuse the developer's offer on the land. The five other board members supported the purchase but said very little in opposition to the two board members. No one from the business community, the neighborhood, parents, nor other board members tried diligently to influence the dissenting board members. The developers offered \$64 million. The only portion of the \$64 million that would be obligated was for replacement of the stadium, which was about \$10 million (purchase of land and the cost of building a stadium). The rest of the money would not be obligated because a new facility for the non-traditional high school and plans for the other program occupants of the building were already approved and funding for construction of the school was available from a special purpose local option sales tax (SPLOST), which is used to avoid bond debts.²⁴

Because the school district owned the last essential piece of property to complete the site plan, the school district could have received several million

²³ Garry W. McGiboney, *Leadership Lessons for Leaders and Governing Boards*, (Anaphora Literary Press, 2014).

²⁴ Carla Parker, “School District Officials Discuss What to Do with Briarcliff Property.” *The Champion Newspaper*, September 27, 2013.

more dollars for the sale of the land had they continued to negotiate with the developers, but that did not occur. With resistance from only two of seven local board members who refused to see the value to the school district overall and in the long term the possibility of funding a new regional stadium to replace the dilapidated one and the availability of money that could have been used for other essential projects to help students was forever lost.²⁵ Fast forward a few years to find the same school district struggling with its budget because of the declining economy, reduced local revenues, and education cuts at the state level.²⁶ Instead of \$54 million in the bank, assuming \$10 million would have been spent on a new stadium, for the first time in the school district's 80 year history employees were laid off and the operating reserve was down to just a few million, enough to operate the school district for one day in an emergency.²⁷ Additionally, the school building on the site of the property had to be abandoned because of the poor condition of the building and the school district's lack of resources to remodel or maintain the building. The detrimental determinants of the two self-serving board members coupled with the failure of the CEO and the other board members to press forward to do what was best for the school district damaged the school district for decades.

The Negative Effects of Boards

In an article by Lisa Iannucci, she describes the disruption caused in a community neighborhood association through the voice of a board member who was demoralized by the behavior of a fellow board member, which is an example of how board behavior can jeopardize the mission of an organization regardless of its mission or size.

There are the WIIFMs (What's in it for me) and the Idiots. The WIIFMs get on the boards because they have an ax to grind or a pet issue they want to promote. The Idiots either get roped into it by some well-meaning family member or neighbor, or they think they know everything and know nothing. To be good board members they must be able to set aside their personal biases and ambitions, be willing to learn and listen, and think about the good

²⁵ Patti Casey, "Sembler Property Offer Considered." *GoDeKalb.com*.

²⁶ Will Frampton, "DeKalb County Schools Face Even Deeper Cuts." *CBS46 News*, [written transcript], July 11, 2012.

²⁷ Ibid.

of the whole community and organization. Many folks find that very difficult."²⁸

Iannucci strongly suggests that the other board members

*...have a talk with difficult board members, explaining to them what it is they are doing wrong. If there is a bad board member and it affects your situation it may worth trying to win him over.*²⁹

The Pros and Cons of the "Business Model"

Many local board members and the public accept the premise that all the ills of every organization would be or could be remedied if they would only adopt the "business leadership model." Of course, this is reference to the western culture business model. Board members are particularly outspoken about the value of operating organizations like a business.³⁰ It is a popular notion. But should school districts or non-profits or for that matter any organization really operate like a business? Should all businesses operate the same? Should a background or experience in the business world be a qualifying requirement of prospective board members and organizational leaders? What does it mean to run an organization like a business?

Many board members with a business background readily agree that organizations should be run like a business. It certainly is an opinion that is shared by board members and leaders of many organizations, but those that advocate so ferociously for this focus on the business model should be cautious about forcing it on organizations and fellow board members without describing and defining exactly what that declaration means.³¹ It is a crucial point because the business model may not suit every organization. Forcing an organization to adopt a business model is outside of the responsibility of board members because it is dictating the operational functions of the organization but unfortunately, it is not uncommon.

Since many board members believe that all organizations should operate like a business, let's take a closer look at what that really means. According to *Forbes*, eight out of every 10 new businesses fail within the first 18

²⁸ Lisa Iannucci, *Dealing with Difficult Board Members*, (The Cooperator, 2008).

²⁹ Ibid.

³⁰ Mohan Sivaloganathan, "Why and How You Should Run Your Non-Profit Like a For-Profit Organization," *FC Leadership*, January 2015.

³¹ Dan Ehrenkrantz, "Why You Should Run Your Business Like a Non-Profit," *Forbes*, September 2014.

months.³² That is an average of 15,000 business failures per year in the United States.³³

Which company business model do board members want organizations to adopt? The overgeneralizations about running all organizations like a business run up against the data and facts. Instead of relying solely on a business model, boards and leaders should first consider what is best for the organization and how their behavior and decision-making can benefit the organization. The strategic plan should be an operational plan that remains true to the purpose and nature of the organization instead of being forced into a model that may not be suitable.

Case Study #5

In a small community with a long tradition of art appreciation, a board managed the policies of the local arts council. Over the course of many years, the reputation of the community's appreciation of the arts grew statewide. For decades, the arts council thrived and the community benefitted greatly from the business, industry, and education that developed through local pride in the arts.

One year a new member of the board became disenfranchised with the director of the arts council because he did not include the board member's art piece in the annual art exhibit. The director assured the board member that the artwork was judged to be good by the advisory committee that selected art for the art exhibit, but many other art pieces were superior to that piece of artwork. For decades, the selection of art for the annual exhibits by the advisory committee was sacrosanct. The thought of interference in the selection process by a board member of the arts council was unthinkable. The new board member was selected by his peers primarily because of his financial standing in the community, not because he had a history of supporting the arts. In fact, he had shown very little interest in the community's arts endeavors and exhibits before joining the board. This was widely known by many others on the board and by the director; yet, he was added to the board. It became obvious soon after his appointment that the board and the director had sacrificed its purpose and commitment to the arts for the status of and possible financial contributions from the new board

³² Eric T. Wagner, "Five Reasons Eight Out of 10 Businesses Fail," *Forbes*, September 2013.

³³ "United States Bureau of Labor Statistics. Annual Report – 2014." *United States Government*. Usgov.documents.org.

member. It was also obvious that the new board member was not committed to the arts and he had no respect for the long-standing process of selecting art for the annual exhibit. After the director explained the process of selecting art for the exhibit and the critical role of the advisory committee, the new board member was unmoved. He insisted that his artwork is included in the exhibit. The director informally and formally addressed the issue with the other board members. Rather than maintaining its integrity and focus on the traditional process of artwork selection; instead of standing strong against one board member's inappropriate demands; instead of appreciating and respecting the authority and responsibility of the director's position and key role in the council and community; instead of standing on its own principles, all of that was compromised and the questionable artwork was included in the exhibit. This unfortunate and ill-advised decision by the board and director created chaos. Other board members began to question the art show selections by the advisory committee and each one began to name their own favorite art pieces. Over a brief period, the selection process broke down completely; the quality of the art exhibit declined; the trust of the director diminished, and the once broad community support of the arts council started to erode. The director was removed and without a succession plan for the leadership position, a director was selected that was unqualified for the position and who was told by the board that he was not to operate independently of the board. In other words, the board made it clear that they would run the organization.³⁴ Years later that once proud and prestigious arts council became a shell of its former existence, and its decline started with one board member who put himself over the best interests of the organization and was supported by a board and leader that failed to carry out its duties and responsibilities when they abandoned the organization's purpose and traditions. Once the trust was eroded and the focus of the organization shifted from its mission to individual self-interests, the core of the organization was damaged from the inside out. The purpose of leadership was lost. But more importantly, sustainability of the effectiveness of the organization suffered.

Antidotes: There are many examples, almost too many to note, where sustainability was lost and an organization faltered because of conflicts between a board and leadership of the organization. In every story told in this chapter, the goals and the effectiveness of each organization were compromised and the organization's ability to sustain good, effective programs was weakened substantially.

³⁴ Ron Auster, *Small Non-Profit Organization Case Studies*, (Astor Publishing, 2013).

In Stephen Covey's book *The Speed of Trust*, he states that an effective leader must have the trust of everyone in the organization. The failure to act in the best interests of the organization comes from a lack of trust and over self-indulgence from the leader at the CEO level and at the board level.³⁵ Covey asks the question: "Do people trust their boss?" If the trust of leadership is diminished it reverberates across the organization. In the book *The Twelve Absolutes of Leadership*, Gary Burnison suggests that the lack of trust and the forfeiture of leadership develop when an organization loses its purpose.³⁶ That purpose is compromised when the trust and integrity of the leader and the board have diminished due to role confusion and the failure to remain true to the purpose of the organization.

In this chapter, there are examples of board members replacing the purpose of the organization with their own agendas and ambitions. This is most likely to occur when the leader of the organization abdicates his role to please board members, which compromises the functions of the organization. The antidote to this type of determinant is an absolute, unbreakable devotion and commitment to the organization's purpose. Burnison writes:

*To be a leader is to be passionate about purpose, authentically and genuinely. Leaders make purpose their North Star and continually lead the organization toward it. Embody purpose—people will watch you and follow your lead; shape and continually deliver the message about purpose; walk the talk of purpose in everything you do—if you don't, the purpose is just the slogan du jour; be grounded in purpose over time.*³⁷

Board members and leaders must maintain the purpose of the organization and protect it because the insidious effects of even the smallest slippage away from the organization's purpose can ruin it. Boards must also understand their role as leaders. Carlo Corsi listed several effective components of board leadership.

The effective functioning of a board depends on a number of factors, including the mix of knowledge and experience among the directors, the quality of information they receive and their ability to operate as a team. The chairman's role is pivotal in managing the group dynamic, playing to the board's strengths and maintaining regular contact with organizational directors between meetings. High-functioning boards rotate meetings around

³⁵ Stephen Covey, *The Speed of Trust*, (Simon and Schuster, 2008).

³⁶ Gary Burnison, *The Twelve Absolutes of Leadership*, (McGraw-Hill Education Publishing, 2012).

³⁷ Ibid.