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## Why bosses need a good talking to

REPORT BY ROGER EGLIN

**It's tough at the top, but finding an outsider with whom you can discuss work problems makes all the difference**

WHEN Chiumento, the business consultancy, set out to find to whom senior executives turn for advice on work problems, it came as a surprise that most confided in . . . their wives. They are informal advisers to more than 60% of UK board members facing a challenge at work. The only source of help more highly rated was the managing director, chairman or chief executive.

Board directors don't turn to their wives because of their technical ability or expertise, but because they can trust them to be discreet — life at the top can be lonely. It is usually unwise to discuss important issues affecting one colleague with another.

Without someone to confide in, the daily pressures of business can be intolerable. Like the hapless lieutenants of the first world war, chief executives have a diminishing life expectancy, now almost half of what it was in the mid-1990s — a trend reflected in the generous severance packages they negotiate to protect themselves.

Chief executives are under pressure from shareholders to deliver better results more quickly in increasingly competitive markets. Isolated at the top they can become their own worst enemies.

"There's a remarkable tendency for executives of new ventures to believe they are absolutely right," said Sydney Finkelstein, professor of management at Tuck Business School, New Hampshire, in his book, *Why Smart Executives Fail*.

The book is the product of six years of studying business failure. Finkelstein said that leading executives must learn from others' mistakes. They fail because they:

- I Choose not to cope with innovation and change;
- I Misread the competition;
- I Fulfil the wrong vision;
- I Cling to an inaccurate vision of reality;
- I Identify too closely with the company;
- I Ignore vital information.

One of Finkelstein's case studies is the story of Saatchi & Saatchi, which in 1970 was a small advertising agency in Soho employing seven people. Transformed by a \$1 billion (£544m), 10-year buying binge into a leviathan, it became the biggest agency in the world with annual billings of \$7.5 billion and 18,000 employees in 500 offices in 65 countries.

Then, at its peak, things started to unravel when the brothers, Maurice and Charles,

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made a bid for Midland Bank. They had been unsuccessful buying into consulting. The recession of the late 1980s ate into advertising revenues and, by 1989, the shares had lost 98% of their value. "It's a story of vision without restraint, driven by intense ambition and striving ego," said Finkelstein.

The danger for chief executives in the grip of such demons is a reluctance to compromise their belief that they can walk on water. Nor are they prepared to take advice from their colleagues who — however concerned they may be — are not keen to tell the boss that they think he is wrong.

Finkelstein says in his book that at General Motors, during Roger Smith's reign, board members were not allowed to speak at meetings unless they were formally charged with giving a report.

Another study of business failure was an illuminating analysis of 494 chief executives carried out by the Center for Creative Leadership, based in Greensboro, North Carolina. The main reason given by most bosses for their dismissal was not that they had made a commercial mess of running the company but that they got on badly with their immediate colleagues — more than 30% of them failed the relationship test.

The other reasons were all variations on the same theme: they were not team-orientated and did not respond to feedback.

Can anything be done to cut the rate of chief-executive attrition? If inability to sustain relationships is vital to deciding the success or lack of it for a boss, perhaps mentoring is the solution. Having someone to talk to should also help overcome the isolation felt by so many at the top.

David Carter certainly thinks so. His company, Merryck & Co, billed as "the most exclusive CEO club in the world", operates from London, New York and Sydney. He started the business-mentoring firm almost by accident in 1997 when he was out of work and a friend asked him if he would help him figure out what to do with his life. Carter did, and today his clients include HSBC, Dell, ICI, Best Western, Northern Foods, Barclays and Lloyds TSB.

He claims to offer a "safe haven" where executives can meet to talk and receive mentoring to allow them to build "successful businesses and lead fulfilling lives".

The rationale is that bosses have few outlets where they can discuss their concerns and aspirations in confidence. Many face the dilemma of improving company performance in the face of opposition to change from within — sometimes this includes resistance from their own boards.

The result often "leads to a lack of fulfilment as well as anxiety, distress and a high level of failure," said Carter. "Some boards treat chief executives like Kleenex tissue. If he doesn't work, get another one out of the box."

A new chief executive who comes in "hiring and firing and shooting up the saloon" will have nobody to talk to. A mentor will be able to help him with relationship-building, he said.

At OPP, the applied business- psychology specialist based in Oxford, Dr Robert McHenry, the chairman, is a firm advocate of mentoring and talking things over with your wife.

He has set up a mutual mentoring relationship with a friend who runs another company in a different field. They meet regularly and spend two hours discussing the issues facing them.

"It's very valuable being able to share experiences," said McHenry. "It has many benefits."

Mentoring is certainly worth a try. It's better than spending £100,000 or so on headhunting a new chief executive only to see him leave after a year or two.

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