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The Dangers of Hiring a Nice CEO

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A CEO we've worked with – let's call him "Gary" – prides himself on being a collaborative leader who invests in consensus and builds relationships. Gary cares deeply about his employees and is eager to deliver. When he was first hired a couple of years ago, the board was deeply impressed by Gary's values, trustworthy demeanor, and his collaborative approach. Unfortunately, by the time we met Gary, his habits as a "nice CEO" were about to cost him his job.

In speaking with the management team, we saw familiar signs of pain. An ever-growing list of priorities left the team stretched thin and scrambling through a series of fire-fights. Lack of cross-functional alignment and role clarity resulted in finger-pointing, selfpreserving behaviors, and risk aversion. And several weak players were holding back the already-strained management team. The company, unsurprisingly, was underperforming.

As we analyzed the situation, the root cause became clear: Gary was too much of a "nice" CEO. While his intentions were admirable at first glance, his leadership style was ultimately hurting his team, his investors, and himself.

In our experience, drawn from advising and assessing more than 2,000 CEOs, Gary is far from the exception. Professors Steve Kaplan at the University of Chicago and Morten Sorensen at Copenhagen Business School have analyzed over 2,600 ghSMART assessments of candidates for C-suite positions and concluded that boards often overweight amicability in their hiring decisions. To be clear, the problem is not with kindness or empathy – leaders can be both caring and effective, and nasty bosses cause problems. There is plenty written about the very negative consequences of having a "take no prisoners" dictatorial executive in the corner office.

But being a good leader is about much more than being friendly. While being amicable is correlated with being *hired* as a CEO, ghSMART's CEO Genome Study with SAS Institute reveals that CEOs with high decisiveness are 12 times more likely to deliver strong *performance* (as evaluated by their boards). This finding is consistent with Kaplan and Sorensen's research showing that CEOs whose towering strengths were around decisiveness and driving performance significantly outperformed CEOs who spiked on consensus building and listening skills.

In their book *Power Score: Your Formula for Leadership Success* our colleagues Geoff Smart, Randy Street, and Alan Foster argue that a team's performance is driven by three key factors: priorities, talent, and relationships. Each of those dimensions takes a hit when CEOs (or bosses at any level) who fall into what we call the "niceness trap."

Priorities: Nice CEOs often stretch their teams across too many priorities because they struggle to say "no." Initially, team members may enjoy feeling included, heard, and valued, boosting morale in the short term. Over time, however, productivity and results both suffer as a result of too many shifting priorities.

Take "Christine," a client who is CEO of a middle-market consumer packaged goods company. Wanting her team to feel valued, she led by consensus. Even after a decision was made, Christine was willing to revisit it again and again anytime someone raised a concern, paralyzing the team. Though Christine's leadership team are all individually strong performers, they had become ineffective and burned out from chasing too many changing priorities. In addition, because Christine lacked clear priorities and hated disappointing people, she often allocated resources evenly across the company – guided by sense of fairness and desire to protect people rather than driving for highest impact.

Talent: Such CEOs often allow subpar performers to remain in the organization, creating a huge drag on morale and results. "Jonathan" is a CEO who prides himself on setting a high bar and being a vocal proponent of upgrading talent. Unfortunately, because of his desire to support long-tenured and loyal executives, he has tolerated mediocrity on his team for years. As a result, while the organization pays lip service to upgrading talent, the toughest people decisions go unaddressed, leaving strong performers frustrated. The price of that indecision is becoming increasingly obvious: the company is sliding on market share and several middle management stars have left to join competitors.

Relationships: Conflict aversion is among the hallmarks of "nice" CEOs, who often misinterpret "collaborative" to mean "frictionless." (Nice CEOs often get attracted to other similarly "nice" team members, exacerbating the issue.) A Fortune 500 CEO we worked with, "Kevin," avoided delivering tough feedback out of fear of hurting the morale of his team members and damaging his relationships with them. However, rather than winning people over, his behavior over time led to a loss of trust.

As one direct report told us, "I cannot work like this—I never know where he stands and his position changes every moment. He praises someone in a meeting and then tells you the person really missed the mark. That makes you wonder what's said about you behind closed doors." Kevin also highly preferred 1-on-1 conversations rather than getting everyone together to hash out disagreements—his leadership meetings were the business equivalent of a group hug. Kevin's aversion to giving constructive feedback also denied people on his team opportunities to develop and grow, leading to their underperformance over time.

The solution is not, by any means, to get rid of empathy and kindness —rather, it's to clarify priorities, be collaborative but not blindly consensus-driven, deliver direct feedback with caring courage, and embrace the healthy tension among stakeholders. CEOs can make the transition from "nice" to "effective" using the following four steps:

1. **Awareness:** Most "nice" CEOs are typically already aware of their behaviors including poor prioritization and difficulty delivering tough messages. But they rarely recognize the full cost of their behaviors. As such, we start by sharing candid 360 feedback to show our clients that while their niceness is appreciated, when taken to an extreme it harms business results and team morale. Consider: when was the last time you let an underperformer go, and how long did you work with that person before firing them? (Six months is OK, but a year or more is too long.) How often do you give critical feedback to your employees; and do they actually change afterwards? (If they don't, you might have "softened the blow" so much they didn't feel it.) Free online survey software also makes it easy for you to gather anonymous feedback from your team – do they feel your company has too many priorities? That decisions take too long, and are re-opened too often? That poor or mediocre performance is tolerated?

2. **Clarity:** Next, we work with "nice" CEOs to help them clarify the values and motivations underlying their behavior. More often than not, "nice" CEOs value being seen as good leaders—they want to be liked and they want the people working for them to be successful. It's important to recognize that, actually, the way to win respect as a boss is by helping your team to achieve great results. That can and does involve being kind – but it also involves other skills.
3. **Challenge:** At this point, we walk these CEOs through thought experiments to fully evaluate the intended and unintended consequences of their behavior to test how the results they achieve align with their values. For example, if you care about supporting the team around you and creating a good experience for them, then your role as CEO is to help them win as a team. Your actions, however, actually run counter to that goal. We also closely examine examples of when the CEO did act decisively and how that turned out: what motivated them to act this way? Why were the normal barriers to this behavior not there? How did it turn out and how did it stack up in terms of results and alignment with their values?
4. **Adaptation:** To underscore the shift in mindset that agreeableness alone is not valuable, we then work with together to craft a development plan that creates on-the-job opportunities for them to experiment with prioritizing, giving constructive feedback, facing tensions head-on, and other hallmarks of effective CEOs. And as any good coach does, we follow up and hold them accountable; debrief; gather feedback; reinforce effective behaviors.

No matter whether you are a CEO, entrepreneur, or are managing others for the first time, we challenge you to determine if you've fallen into the niceness trap by rating yourself against these questions and getting feedback from trusted colleagues. You may find that changing your behavior without changing your deep-seated values will pay outsized dividends in business performance as well as employee satisfaction with your leadership. The great news for “nice” CEOs is when they are able to rebalance from relating to be liked to relating for impact, their natural talent becomes a secret weapon.

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