

DON'T SEND YOUR TOP TALENT OFF THE TRACKS

BY TIM TOKARCZYK, WILLIE HEPWORTH, AND VANESSA WINZENBURG

Organizations create the conditions under which careers flourish or fade. Is yours doing all it can to prevent career derailments?

EMPLOYEE DERAILMENT occurs in organizations in every industry. Most employees can recall an individual who seemed destined for the highest levels of leadership, yet took a drastic turn and flopped.

Jim is such a leader, one who advanced quickly in his industry, but experienced derailment as he tried to transition into a new position.

Jim is a 15-year construction veteran with a background in finance and a great deal of field experience. Jim experienced many successes throughout his career, and as a result, the executive team considered him to have high potential for leadership success. Two years into his current role, Jim seemed poised to make the next leap in his career. Instead, he hit a wall. His performance began to suffer noticeably, causing Jim to grow more and more frustrated and increasingly alienated from his coworkers. Senior leaders could not explain the change they witnessed in Jim. He was on the fast track to becoming CFO, then inexplicably, his behavior changed. He became rigid and stubborn, and stopped listening to those around him. Senior leaders concluded that their earlier assessment was erroneous, and Jim was not executive leadership material.

Career Derailment

Unfortunately, stories like Jim's are all too familiar throughout the construction industry. Many employees set at full-steam ahead are coming off the tracks, their careers derailed. According to research conducted by the Center for Creative Leadership, between 30% and 50% of all high-potential employees derail. This trend exacerbates one of the most serious challenges currently facing the construction industry: recruiting and retaining top talent. The construction industry's annual turnover rate recently leapt from 23.2% to 25.4%. And, FMI research supports that the No. 1 industry challenge is a lack of skilled management. Baby boomers are retiring, and there are too few replacements in the pipeline. Firms with significant growth projections face an even greater challenge. With these trends, firms cannot afford to lose even a single high-performing employee, let alone 30% to 50% of its star talent.

In addition to the challenges of finding and keeping star talent, a number of costs are associated with a derailed employee. These costs include the exit and re-hire process, as well as lowered morale and productivity in employees witnessing the derailment. Conservative estimates of the direct costs of employee turnover hover between \$10,000 to \$30,000 per field-level employee, with

much higher costs within the leadership ranks. Indirect costs, such as lowered morale and productivity of remaining staff, can become self-perpetuating, as stress and reduced commitment and energy spread throughout the ranks. Furthermore, it can take an average of \$20,000 in training and 13 months for new employees to operate on the same level of efficiency as more experienced workers. In companies with high levels of employee turnover, these costs can be enormous.

Why Derailment Occurs

Employee derailment can occur for many reasons. Some employees plateau for personal reasons that are beyond the control of the firm, like a birth in the family or the need to care for a sick parent. The stresses of these life events shift the employee's focus and energy away from their work. Others, however, derail due to factors well within the control of the organization, like organizational culture or inadequate leadership development. Derailment is a process. It doesn't happen overnight, and it can be prevented, interrupted, or reversed in many cases. It is helpful to understand the steps in the derailment process:

1. Individual performance levels off or declines, and the organization cannot figure out how to "fix" the individual. This results in a decrease in worker productivity.
2. The organization loses patience and tolerance, and the individual becomes frustrated.
3. The individual resigns, is terminated, or is bypassed.

Skill-based Causes of Derailment

Research by the Center for Creative Leadership suggests that most executives who derail were once on the career fast track, running up an early string of successes. However, as leaders advance in the organization, job demands change. With the advent of new responsibilities and measures for success, leaders often struggle to transition from reliance on the skills used to succeed early in their career to the skills necessary to succeed in their new position. The four primary skill-based causes of derailment are:

- ✓ Problems with interpersonal relationships.
- ✓ Failure to meet business objectives.
- ✓ Failure to build or lead a team.
- ✓ Inability to change or adapt.

Often, derailed employees are struggling with more than one of these challenges simultaneously, since the causes for derailment are closely related. Derailed employees often display the following

behaviors, as opposed to those displayed by actively engaged employees:

Derailed Employees

- Ego-Driven
- Reckless
- Rigid
- Controlling
- Mistrustful
- Aloof
- Seeking Validation

Engaged Employees

- Self-Confident
- Purposeful
- Open-Minded
- Guiding
- Trust Guardedly
- Involved
- Seeking Feedback

The most common challenge faced by leaders who derail is the inability to adapt to new situations and roles. Research shows that two-thirds of derailed American leaders displayed an inability to change. These leaders sometimes display an overt resistance to change, rigidity, or inflexibility. More frequently, leaders derail during times of transition. They have difficulty understanding their new roles and adapting their behaviors appropriately.

Organizational Causes of Derailment

What makes construction a particular minefield for potential derailment? Organizational cultures play a significant part in the derailment process. Many companies in the construction industry deliberately create cultures that foster and reward an achievement-at-all-costs mentality. They select and promote high achievers, let nature take its course, and look the other way as long as the numbers are good. Without the benefit of appropriate leadership development opportunities, high achievers with inadequate or dysfunctional leadership qualities can derail not only themselves, but also may send up-and-coming talent off the tracks or directly to competitors.

Three dysfunctional cultures can result from the impact of leader personality on organizational culture, including suspicious cultures, dramatic cultures, and detached cultures. Suspicious cultures result from suspicious leadership—or mistrust of others—secretiveness, and envy. Suspicious cultures often work to derail individuals,

since the lack of trust and open communication create performance challenges for even the most effective leaders.

Dramatic leadership is characterized by a need to impress and get attention from others. Dramatic leaders create dramatic cultures where risk-taking and thrill-seeking are rewarded, rather than rewarding planned, thoughtful, and perhaps even ethical behavior. This can create a false sense of invincibility, which often precedes a disastrous misstep.

Detached leadership involves a pattern of non-involvement and is characterized by a withdrawn leader. The culture of an organization with detached leadership lacks connection with the leader and his or her vision. In these cultures, employees are unwilling to buy into the leader's vision and remain unmotivated and uninspired. Leaders in this environment are so detached from the rest of their organization that they have little or no influence on results.

Preventing Derailment

Simply because a leader derails in one organization does not mean that his or her career is over. This is where derailment and retention issues are highly related.

Imagine what would happen if you or one of your senior managers derailed. The potential losses in productivity and potential contribution would be great. Moreover, such derailment would have a devastating impact on the organization's culture and the morale of other employees. As a leader, it is critical to examine:

- ✓ What do you see happening in your organization that could contribute to your own or others' derailment?
- ✓ Is there anything you are doing as a leader that could be sending you or other top talent off the tracks?
- ✓ What can you do to prevent the derailment of others?

The good news is that derailment is often preventable and reversible. There are numerous strategies for leaders and organizations to get disengaged employees back on track, prevent future derailments, and shape the type of organizational culture that fosters engagement and commitment. Some strategies to consider include:

Expand leadership development. Widen access to leadership development programs to both rejuvenate mid-career managers and refill the leadership pipeline. The first step in this process is to assess the

organization's culture to determine how well employees are trained to lead teams, how much focus is given to a person's interpersonal skill development, how well people are supported in times of change, and how much support is given when a person fails. These are early indicators of how well an organization manages its potential derailment problem.

Focus attention and resources on periods of transition. Organizations can ensure that rising employees make a smooth transition into their new roles through the use of training, mentorship, and orientation for new leadership positions. By focusing more attention during these tumultuous times, organizations can ensure that their newly appointed leaders have all the tools necessary to succeed in their new position.

Find the keepers. Consider the use of performance management systems to identify specific development needs, identify and reward high-performing employees, and target the right career development opportunities to employees at all levels within the organization.

Remove the barriers to occupational mobility. Training today is disproportionately aimed at the young or high-potentials. Many older workers are in real danger of reaching a career plateau. Senior leaders also need continuous learning opportunities and room for development, and can often be overlooked by an organizational focus on training and developing younger employees.

Mentor colleagues. Put experienced employees into mentoring, teaching, and other knowledge-sharing roles. This has the dual benefit of reengaging the mid-career worker and boosting the expertise and organizational knowledge of less experienced employees.

Reversing Derailment

The key to reversing the derailment process is early identification. This means recognizing that a leader is derailing before he or she is ready to leave the organization. Reversing derailment is a collaborative process. The employee and his or her leaders must work together to identify the reasons for the derailment (lack of skills, personal factors, organizational factors) and potential solutions. The employee who is derailing must become aware of his or her failure to meet business objectives and must have

hope that the situation is reversible. Self-awareness is a major step on the road to overturning derailment.

Possible solutions include the use of 360° feedback and personality, cognitive, and natural-ability assessments to enhance self-awareness. Specifically, these assessments can pinpoint ineffective behaviors or personal attributes that may be contributing to the leader's inability to perform in a new role or position. Self-awareness can also help to improve team-building skills and decrease ego problems. In addition, an executive coach can help with self-awareness; executive coaches help leaders develop skills and tactics to improve their leadership as well as strategies for adapting to their new environment. Often, providing additional assistance will revive derailed leaders' passion for their work and provide them with a clear purpose or personal mission, helping them get back on track.

The same senior executives that deemed our construction executive, Jim, unfit to be CFO, later scrutinized why they had such a large retention problem among their high-potential employees. In their analysis, they realized that Jim's career stalled because he lacked interesting and exciting work. Thrown into his current position, Jim felt unprepared and faced daily challenges without the necessary skills to overcome. He focused his energy on task-based, rather than relationship-oriented, leadership. After further consideration by senior management and participation in leadership development opportunities, Jim became procurement director. In this role, his innate skills and enthusiasm as a negotiator, financial analyst, and risk-taker paid off. In his first year, he saved the company \$7 million while doing work he loves. While not every derailment story ends on such a positive note, Jim's eventual success serves as a vital reminder that derailed employees can get back on track and add real value to their organizations. MSC

Vanessa Winzenburg is a consultant with FMI Corporation and can be reached at vwinzenburg@fminet.com. Tim Tokarczyk is a consultant with FMI Corporation and can be reached at ttokarczyk@fminet.com. Willie Hepworth is a consultant with FMI's Leadership and Organizational Practice group and can be reached at whepworth@fminet.com.