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How Leaders and Their Teams Can Stop Executive Hubris

Building a culture of critical thinking and humility can spare companies from the ravages of excessive CEO confidence.

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If an organization has just one or two people whose power has gone to their head, it can demoralize subordinates, cause valuable talent to flee, disempower teams, and lead to foolhardy strategies. Whether you are a board member, a CEO, a senior executive, a high-potential employee on the rise, or an HR leader concerned about culture, you need to understand how such hubris works so you can head off its destructive effects on careers and on your company.

It is particularly worrisome when CEOs suffer from hubris. Their extensive power makes them both more likely to suffer from hubris and more likely to be in a position to do a great deal of damage. The extreme self-confidence can even destroy them and the organizations they lead. In a survey of 150 global CEOs conducted by our firm, Heidrick & Struggles, in partnership with the Saïd Business School at the University of Oxford, nearly one in five CEOs said they never doubt themselves. But as one of the participants said in the course of an in-depth interview, "If you don't doubt yourself in a constructive, positive way, you are borderline dangerous for your company."

A 2013 study of a representative sample of Fortune 500 CEOs over a six-year period found that overconfident CEOs tend to make risky decisions about mergers and acquisitions. (The researchers based the determination of overconfidence on a formula that takes into account all press reports and all of the CEO's public statements about his or her degree of confidence during the period of the study.) In M&As, such CEOs often target companies outside the acquirer's core line of business, a strategy with a very poor track record. And they tend to pay cash instead of stock for acquisitions because they believe their stock is undervalued.

Overweening self-confidence can be surprisingly hard to detect, at least initially. Take, for example, a newly installed CEO of a private equity–backed business in a global engineering company who exhibited no signs of arrogance when he was recruited. When he decided to develop a service offering aimed simultaneously at two of the company's distinct market segments, most of the executive team — and particularly the chief financial officer — warned him that conflating the two segments would confuse the marketplace. The private equity firm's board representatives virtually commanded him not to do it. He listened politely and then forged ahead. A year later, the company had grown by only one-sixth of the goal the private equity firm had set. The CEO and the entire executive team were replaced (each losing about US$15 million in the value of their shares), and the company went on to prosper under new leadership.

Hubris is not confined to CEOs. In workshops with thousands of executives, two of our colleagues have administered a classic "overconfidence quiz." Subjects are given 10 questions, such as "What is the distance from London to Tokyo by air?" and then are asked to specify a range of distance in which they have 90 percent confidence. They almost invariably choose ranges that are too narrow, averaging about one or two correct judgments out of 10.

But here's the good news: Hubris is [an acquired trait](), not a deeply rooted personality disorder. It comes on gradually, growing as a leader's power grows — and it can be managed and even nipped in the bud. In the course of our firm's work in leadership consulting, executive assessment, and culture shaping, we have helped leaders, teams, and organizations short-circuit hubris by taking the following practical, concrete steps.

Focus on the causes that can actually be addressed. We know that the higher someone rises in an organization, the fewer peers he or she has. Subordinates are reluctant to speak up. Further, the ascent of successful executives is usually powered by real skills in which they are justifiably confident — and for which they are richly rewarded and lauded. Leaders are expected to exude confidence, to lead the charge even in the face of overwhelming odds. The frequent result? Hubris.

Hubris is an acquired

Because complex psychological dynamics are often in play in cases of hubris, it's tempting to put executives trait, not a deeply rooted personality disorder.

on the proverbial couch and speculate on their insecurities or unresolved conflicts with parents. But we'd be better advised to look instead at the environmental factors that feed hubris — the things that individuals, teams, and organizations can do something about.

Recognize characteristic behaviors. Numerous individual behaviors exhibited by executives can indicate incipient hubris: blaming others or forces beyond their control when things go wrong, micromanaging in the belief that only they can do a job right, failing to seek feedback or discounting it, and seeing disagreement as a personal slight. Even more corrosive behaviors include leaders flouting rules because they don't believe the rules apply to them, indulging in frequent self-glorification, treating colleagues or customers arrogantly, violating company values, and failing to model exemplary behavior while insisting that others do so.

Whether these behaviors indicate genuine hubris or not can come down to a matter of frequency, degree, or number. Take frequency: Everyone can be overconfident from time to time or occasionally try to deflect blame. But someone who consistently engages in those behaviors is in more danger of falling into full-blown hubris than someone who sometimes lapses. As for degree, someone who is impervious to criticism, for example, may not be as far along on the road to full-blown hubris as someone who is openly contemptuous of critics or, even worse, someone who punishes those critics. Hubris can also be a matter of number, where the sheer volume of various behaviors reaches critical mass, though no particular behavior is invariable in frequency or degree.

The senior business leader of a global financial-services firm was tapped to lead the $100 million transformation of the company. The company had decided to radically alter its go-to-market strategy and the customer-facing technology that would support it. The project entailed multiple operational, reputational, and financial risks and was likely to be hampered by outsourcing and technological constraints, as well as turf struggles. The business leader had long been seen by peers as excessively image-conscious, always insisting on receiving good news — a characteristic whose consequences were to be greatly magnified on the much bigger stage of organization-wide transformation. He soon created an environment that permitted no dissent, imposed impossibly tight deadlines for various work streams, and airily dismissed the problems of insufficient time and resources.

As the project deteriorated, the 10-member project team went from warning him about problems to concealing them, because they feared his withering criticism. The frequency of team meetings dwindled, and he began communicating to the team primarily through two of its most pliable members. When major problems emerged in early-stage implementation, business leaders whose P&Ls depended on the success of the project voiced their concerns. They were unable to break through the wall of happy talk around the leader. Eventually, the dominoes began to fall: Employees disengaged, contract disputes with the IT outsourcer erupted, costs ballooned, and customer data was discovered to be unreliable. Ultimately, the company pulled the plug on the project and showed the leader the door. Tens of millions of dollars and more than a year had been wasted.

Establish mechanisms for speaking truth to power. Beyond subjecting themselves to periodic, mandatory assessments such as performance reviews, leaders should consider mechanisms as simple as the old-fashioned suggestion box. One leader we know recently installed one outside his office and was surprised to receive a heavy dose of harsh, anonymous feedback about his aloof leadership style. Another executive solicits candid feedback via email from team members on what the team could do differently, what they could continue doing but improve, and what they should stop doing altogether. Each month he selects the most incisive response, reads it aloud at the next team meeting, and praises its author — a practice that encourages transparency, new thinking, and constructive criticism.

In several organizations, we have introduced a practice we call “the CEO letter.” Periodically, employees are invited to write a letter to the CEO. Participants could include everyone in the organization or only the top tiers of leadership. Their letters offer advice to the CEO and detail the one thing in their work that they are proudest of (which encourages a spirit of constructive and specific commentary). The experience can expose CEOs to problems they had refused to see, provide them with perspectives that might otherwise get filtered out, and give them a feel for the values and motivations of their people.

Consciously harness the power of doubt in decision making. Although 20 percent of the CEOs in our global study said they never doubt themselves, 71 percent not only admitted to doubt but also indicated that they embraced it as a basis for making better decisions. The CEOs we spoke with said that one good way to embrace doubt is to use risk management techniques to increase the odds that what they don’t know — or what they refuse to see — won’t hurt them. Their favored techniques include scenario planning and contingency planning. Many also use techniques such as wargaming or appointing a devil’s advocate at meetings to surface contrary views and foster a culture of constructive dissent.

Teach teams the value of humility. When a leader’s hubris infects a larger group, or when past successes lead to feelings of invulnerability, teams can exhibit group hubris. The telltale signs of team hubris are an internal focus on the group’s own processes, little diversity of thought, and incuriosity about the outside world. Although the team may seek data or other evidence to support a business case or an initiative, it may have no mechanisms for acquiring and applying new knowledge. Perhaps the surest indicator of team hubris is the team members’ distance from customers or seeming indifference to them. At a recent leadership summit at an insurance company, we asked how many of the 250 participants had talked to a customer within the previous 30 days. Only about 50 hands went up.

Because team hubris lives in dynamics, the best way to address it is to put teams through vivid experiences that change those dynamics. The methods can be straightforward. Some teams put an empty chair representing the customer at the table — reminding the group of the customer's importance and absence. At other companies, a member of the team plays the role of a customer while other members of the team make a presentation to him or her. Before a recent meeting of senior leaders at a professional services firm, we removed all the tables from the meeting room. Because partners in such firms are often isolated in separate fiefdoms, they can be especially prone to hubris. The partners on the firm's leadership team were at first disconcerted by finding themselves without a familiar position from which to launch their opinions. Given freedom of movement, however, they were soon interacting and exchanging information in ways they hadn't done before.

Some cases call for more elaborate methods of remediation. A CIO had learned from a succession of jobs that he exhibited some of the behaviors that indicate hubris. As soon as he left a company, the IT organization he had built there quickly fell into disarray, stoking his fears that he was a micromanager who thought he had all the answers and left little room for other people's views or their development. Moreover, he had come to believe that leadership teams in IT departments were particularly prone to hubris because many of the people they led were introverts who tended not to speak up or call their bosses to account. Determined not to let that happen in his new job, he created a "shadow cabinet" composed of 10 members representing a cross-section of the IT department's 3,500 employees, those unlikely to ever otherwise participate in the leadership meeting. Today, the shadow cabinet observes the deliberations of the leadership team and then offers a live critique of members' strategy, assumptions, and behaviors in a "fishbowl" environment — shadow cabinet members sit in an inner circle while members of the leadership team sit on the periphery.

Cultivate a culture that nips hubris in the bud. Leaders learn hubris. Their greatest teacher is often a culture that rewards arrogance or looks the other way when stars misbehave or trample on others. Creating a culture that discourages such behavior can begin with a cultural diagnostic conducted with senior leaders. Part of that diagnostic can focus on values such as openness, collegiality, diversity of thought, and other values that run counter to hubris. Leaders can be asked the extent to which they encounter specific, relevant behaviors that align with those values, as well as troubling behaviors that may need to change. For example, they may be asked to what extent they agree with a series of descriptive statements: "The organization is open to new ideas from whatever source." "Disagreement is welcomed." "All leaders are expected to play by the same set of rules." These statements, and others like them, would together cover the many behaviors that signal the degree to which hubris is present in the organization.

In responding to the diagnostic, leaders need not act as anthropologists and analyze the rituals, unspoken norms, attitudes, and myriad other factors that figure in culture. They need only judge the extent to which people in the organization exhibit the behaviors that characterize certain values and the desired culture those values frame. And it is behavior — what people actually do — that determines the extent to which the desired culture is a reality.

Hubris is a progressive disease. The longer it goes untreated, the worse the disease gets. And it is notoriously difficult to reform leaders who suffer from full-blown hubris. That's because one of the chief characteristics of hubris is blindness — the inability to see it in oneself, much less admit it and do something about it. But if you intervene early and often with individuals, teams, and the culture, you may save not only careers but also your company.

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