ECKO

FIRED FOR SUCCESS?

TRUE STORIES AND MANAGEMENT LESSONS
FOR OUR TOUGH CHANGING TIMES

KURT GASSNER

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BY

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Preface

Ecko, the first Multi-media Mailorder company was fired for success (it threatended the classical book-club Business.

It took Amazon more than 12 years to prove that its business was profitable. This is a true-life story about the failure culture in today's management.

ECCO had a bright future ahead of them as the first online and offline book merchandise seller globally. It's the year 1989. The German Bücherbund, a part of the Holtzbrinck Group in Germany, looked for a new business model because the old business model was outdated.

More than two million book club subscribers had been obliged to buy four books a year. They were also offered a 5th book for Christmas, and it was like a money machine. Can you imagine that two million people buy books each quarter? Most books are promoted, so it costs less money to produce them. It has become expensive to get new subscribers. New subscribers mean spending more money. The costs were skyrocketing, and for the management, it was logical that the business model was outdated.

Mr. Unkelbach, the CEO, and Mr. Gruenberg, the Head of Marketing, collaborated on catalog and promotion ideas this time. I worked for Deutsche Bücherbund as an ad agency, and we came up with ideas to revolutionize the business model.

We found a new model that was better than the old one. The idea was to entertainingly sell books, media, and other goods per mail order. It was not easy to convince the very conservative Holtzbrinck group. After much thought, they sold the whole company to the Kirch Group, the biggest movie and licensing company in Europe at that time.

The Kirch Group was interested in the concept of the company. A pitch was set between Springer & Jacobi, a high-ranked star agency in Hamburg, and me—with a middle-sized agency in Munich. Surprisingly, we won. That was only the beginning.

I hired a first-class team: Dhalan Netch, a Creative Director from NY, and Prof. Anton Mayr (later the Dean of Marketing at the University of Munich), a Marketing Professor. I also hired many people from overseas, including art directors from London. We bought the first Apple computers directly from the US and imported them. We even had to change the power system to adapt it to 220V.

Mr. Gruenberg also set up a completely new, highly motivated team of buyers and specialists on the client-side. It was so strange that the old, conservative Buecherbund was working day and night with the startup guys in jeans and sneakers. (The term "startup" had not been invented).

We invented ECKO, the first mail-order company that sold books, videos, and all types of media, some of which you can still find on Amazon. We started with service, great enthusiasm, and a campaign and catalog that rocked.

Unbelievably, orders flooded in by the millions. We sold a piece of the Berlin Wall. We had significant investments in infrastructure, stock, and mail, and after a year, sales were increasing, but the business was still not profitable.

We decided to try something different. Mr. Gruenberg and I created an entirely new culture. We had weekend retreats to form team spirit. There was no difference between clients and agencies anymore. The whole team had one goal and one energy level. It was suspicious, and the conservative management had a sharp eye on us.

But it worked.

Nobody focused on time.

Some weekend offices were crowded. We worked till late at night.

That was the start of the breakthrough.

In 1990, ECCO, the new shark in mail order, was the talk of the book and media business world. At the most significant direct marketing fair, ECCO was the talk of the day. Everyone was astounded by the progress. We won thousands of new customers each month outside of the club world. Everything was going along fine, and the whole team was highly motivated.

Then it happened.

In 1991, the Deutsche Bücherbund was sold to Bertelsmann, the biggest competitor and running the most substantial club business in Europe. After the sale, we presented the perspectives of ECKO.

We had many regular buying customers, and we argued that this would be the lifeline for the whole book-club business.

We pointed out that we had started to operate with BTX, a mix between phone and TV, to place orders.

Also, we predicted that BTX or a similar electronic device would take over the world and revolutionize the world of marketing shortly. (In CERN, Geneve, the first website was created in 91).

No, we didn't have a clue how exactly it would happen.

We imagined some electronic interaction system; we read about the first website at CERN, Geneve, in 1990 and the first web server.

We thought we were close to a revolution in the world of mail-order, and that would make a big difference.

We also had the vision of selling this model globally.

Yes, we had big dreams and also a clear vision.

Mr. Gruenberg, my team, and I worked like hell.

I worked on the creative part while he crunched the numbers.

But no, they decided to sell ECKO, the innovation pearl, to a publishing company named WELTBILD, owned by the German Catholic church in 1991.

ECKO was a side business for them at the time, the unliked stepdaughter (not invented by us).

It soon disappeared from the market.

A great future was lost.

Weltbild also ran out of business a couple of years later.

It was a disaster for all of us.

Hundreds of people were sacked.

I had to fire more than forty employees.

Mr. Gruenberg started a big lottery business and won a fortune.

My Creative Director, Dhalan Netch, went back to Miami, and we partnered with an ad agency based in the US.

I also started new ventures in Germany and Austria.

Many people still remember the glorious days of ECKO, the natural origin of Amazon.

We had a diverse, multiracial, and multi-cultural team from the client's and the agency side.

An absolute novelty in these times in Germany. I had set up an international team of thirty creative cracks from all over the world, now based in Munich.

We worked on a new culture and a new ECKO mindset.

What would have happened if the Bertelsmann management had decided differently?

ECKO was close to profitability in the second year with the classical mail order business.

Its vision was to be the first website with a database of two million buying customers.

ECKO was ready to go global because we had a multiracial, international team.

The argument was that "we don't want to cannibalize our club business."

"We believe in our book-club business!" (it is and was always our cash cow)

That crazy business model with selling books on phones, mail-order, electronic devices is not in our strategic interest, and your fantasies about future electronic order systems for the public are pure science fiction.

How crazy!

They thought the world would be fine if they monopolized the book club business.

They bought Buecherbund for the book club business and eliminated their strategic competitor.

This decision follows a pattern very often seen even in today's big companies.

Monopolize, reduce costs and competition, block new ventures, never risk, and never change the company culture.

It's risky.
This decision was a multi-billion disaster.

Today, the value of Amazon is roughly 100 times greater than the value of Bertelsmann.

What happened to the decision-makers?

They were all rewarded with bonuses and fat pensions because part of the management culture in Europe is that if you make it into the decision-maker club (CEO or similar), you stay there for your lifetime. (You have to steal the golden spoon to be fired)

Today, the book club business is dead. Amen. RIP.

Amazon made it with a concept similar to ECKO: lots of services, easy transactions, global thinking, no strings attached, etc.

Just as we predicted, in 1990/91, the internet was founded.

In 1993, the first websites went public, and in July 1994, Jeff Bezos opened his business in a garage and founded Amazon.

This was a complex reality to face.

Other individuals, I feel, fail because they have no idea what they're doing. They're losers who have no business in that line of work. I was under the impression that this didn't apply to me or our idea, especially since we'd had previous successes: "I've come out on top." I had previously been successful. I'll be successful once more. Keep an eye on me!

Failure was something that only other people were affected by. That was my mentality at the time. As a result, I thought I had good reason to be arrogant. I had a long string of victories with only a few minor setbacks to show for it.

The Beast of Failure coiled its tentacles around me and bit me in the ass just as I had achieved new heights of confidence and bravado. My knowledgeable, professional, and well-prepared ass got a good, hard-to-ignore, and impossible-to-forget bite.

I had the option of licking my wounds or biting back. I decided to bite back.

Failure became my arch-enemy.

Defeating it is my obsession, and teaching others how to beat it is my mission.

This book is part of that mission.

Why this book?

This book is intended to be an outlier within management and leadership. I believe this is necessary if society cultivates better and wiser leaders.

The remaining chapters explore the most common leadership styles.

Groups also make mistakes at the organizational, managerial, team, and individual levels. But before we delve in, it's important to note that not all leaders' mistakes are created equally.

There are small, inconsequential challenges that have little effect on a leader's career, and then there are the big ones, the high-visibility, devastating challenges that can destroy careers. And the higher you go in an organization, the bigger the mistakes can become.

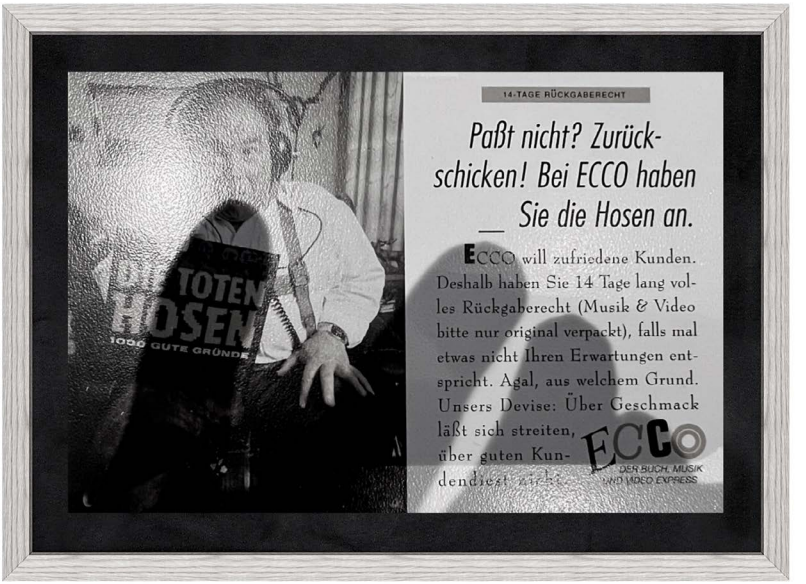
Consider the comparison of rock climbing. Like starting business leaders, beginning rock climbers focus on skill development and technique. They practice knot tying. Scrapes and bruises are the results of mistakes. Even a long fall is almost always recoverable, albeit potentially more severe—teams, or "ropes," form as climbers progress. Climbers now rely on one another to stay alive. A single misplaced piton could lead to a team member's death.

Finally, the rope team's leader gains even more specialized skills.

Rope leaders can establish an identifiable "sense of path" up a mountain via experience—trial and error. To the untrained eye, this sense of direction may appear instinctive. Still, experienced climbers understand that it is the result of wisdom gained via a series of successes and, more importantly, crucial lessons acquired from failures. The rope leader ensures that the purpose and progress (the route to the top) are clear and attainable. The entire crew could perish if the rope leader makes a mistake.

In business, the same relationships exist. Like young rock climbers, many young leaders are consumed with attaining technical skills. Their resource responsibility is usually limited, and so is the impact of their actions beyond their success or failure. One end of the spectrum is where senior-level leaders have more responsibility and can do more. This means that their mistakes are magnified, even multiplied.

ECCO



Introduction

The failure paradox

Failure and defeat are life's most outstanding teachers.

While every great leader makes mistakes, there is a limit to how many mistakes you can make before demonstrating yourself unworthy of leadership—you can only tumble from the corporate ladder so many times before your climb is over. And the higher you climb, the worse the fall will be; failure will become inconceivable. This is when the downward spiral of "winning at all costs" can start, even if it involves hiding mistakes, blaming subordinates, or even lying. Simply put, failing is not an option at a certain level. However, to achieve success, we must be familiar with failure. This is what the failure paradox is all about.

In this book, we will talk frankly and instructively about the things that are hard to talk about.

There is a solution, and it is right in front of our eyes. True, we all make errors, but hopefully, we'll learn from them. But the genuine opportunity comes when we can learn from other people's failures before we face similar issues ourselves; we can absorb the lessons without paying the price. And this point of view is beginning to acquire traction.

There is a growing understanding that what makes leaders effective is their ability to learn from mistakes, both their own and others.

How much do we talk about learning from failure? How much about learning from success? The gap between them is growing, suggesting we prefer to learn from flops.

The entire experience with ECKO made me think twice. Because we've all been raised differently and because most of us have been punished for making errors in the past, I had never been able to say to my company's diverse workforce, "Have no fear of failure!" and expect it to be true right away. (I used to think I could manage people like that, but now I know better). Today, I see that influential business leaders and coaches must create stories that celebrate failure and incredible learning opportunities. Then they must tell those stories repeatedly until their employees understand and believe them.

The goal is often to change a lifetime of learned responses that failure is wrong and that you will be shouted at, warned, or even physically threatened, punished, or fired on the spot if you fail so that you don't think that way.

So, I will keep repeating my chant to persuade people to share my conviction in failure's greatness. Because I think that failing is not only acceptable but necessary, my teammates must fight to overcome their fears of failing and blunders. You will not be punished for failing.

After more than 40 years in business, I am sure that the shortest path to success is to have a "no fear" attitude toward failure. Leaders and front-line workers must put their necks out a mile every day to do their jobs well, be successful, and

keep their companies competitive. They must produce risky, cutting-edge, game-changing ideas, plans, presentations, advice, technology, products, leadership, and bills, among other things. And they have to do it all without fear of failure, rejection, or punishment.

Leaders and managers must encourage risk and accept failure to achieve this. For many, doing so will be a leap of faith until they have firsthand experience with the rewards of failing. Until then, I hope these stories of my spectacular failures, as well as the lessons my teammates, business, and I have gained from them, will motivate you to "celebrate failure."

Managers are people like you.

If humans have changed enormously, managers can change too. Their expectations and demands of their managers can change as well. It is the company that has not followed the change in mentalities. People today are not the same as 20 years ago. They no longer say "I belong" to such a company. There is a lot of "turnover," permanent arrivals, and departures, including in the "best" structures. Today, working people are no longer afraid to leave or resign because they are not fulfilled.

Why can't managers do the same?
There is always a human at the forefront of the qualities required.

A human with flaws and weaknesses.
The pressure to keep everything in order is more significant for leadership, often encouraging behaviors that ignore caring for their mental health. Without time for self-care, managers

turn to watch for employees and the company's operational processes.

A manager has different responsibilities within a company. In addition to ensuring the teams' productivity, this professional needs to mediate conflicts, offer support for the development of the work, correct deficits and weak points, and, above all, build trust among the team.

While they are rewarding, senior management positions are more likely to suffer from excess stress. At the same time, the manager must deal with pressure, demand for results, and increased responsibility. This, in turn, is the source of multiple health problems.

Managers fear that their weaknesses are justifications for their inability to hold a leadership position. In this way, in an attempt to demonstrate efficiency and for fear of taking their emotional problems to HR, leaders end up neglecting themselves.

Fear of being human

Fear is a universal human problem. We are all afraid of something, and managers are too scared, no matter how hard they try to convince us otherwise. Thinking about human leadership, many top managers who have always tried to be heroes throughout their careers feel like the ground is slipping from under their feet. One CEO recently confided to me, "I was taught never to show emotion or vulnerability at work." And you say that it is necessary. This is a real revolution." The fear of such managers is usually expressed in one of the following three forms:

Fear of contact with one's own emotions

Looking inward is difficult and even dangerous for a rational manager who relies on analytical skills. What will they find there? Self-analysis can confuse all the cards. Even more frightening is that the manifestation of the actual "I" can break their external image. Do they suddenly seem weak? What if they lose control, authority, respect, or love?

Fear of chaos

Many leaders think that if all employees treat each other as individuals, they will start hugging and singing songs instead of working. One top manager even told me, "The office is not a place for emotions." How will the leader manage the company if they no longer have to solve all the problems? What happens when they relinquish control? With this thought, many of my clients feel like circus performers without a safety net.

Fear of failure

Many leaders don't know what to do with emotions at work, both their own and those of others. One client asked me, "What if my employee tells me they lost a parent or spouse due to COVID-19? What if someone cries? I have no idea what to do or what to say then!" Effectively leading the heart and soul requires skills and abilities that leaders accustomed to working using their left hemisphere and good judgment do not yet have. Worse, these leaders are used to being successful, but they become afraid of catastrophic failures in such cases. One senior executive told me, "I was a good, old-fashioned leader." And I like the idea of becoming a new type of leader. But can I achieve the same success?

Many managers wonder how they can become human leaders.

Before leaders, however, the professionals who occupy this position are human beings. They feel just like everyone else.

Why, then, do they go to such lengths to hide this obvious side of their existence?

There has to be a better way.

Because the question of "why" is not asked enough! The problem is that the business world is constantly looking for itself; the old model is very difficult to leave. It is still very present because organizations are afraid to part with their culture.

We often point the finger at managers, pointing them out as responsible for all the evils. What do you think?

The fear of becoming a human manager stems from old beliefs and expectations. I will call them "mindset traps." We all carry many different voices that determine how we view ourselves, others, the world, and our behavior. Sometimes these are other people's voices, such as the voices of our parents or teachers, and sometimes they are collective beliefs, stereotypes, and standards from our environment, in particular, social and religious values. These voices shape our worldview, and, in some cases, when they are linked to traumatic events, they can even change the shape of our brains.

I meet many managers, and I can assure you that they are rarely idiots or imbeciles! They often want to do well, but they are drowned in loops and "processes" beyond them.

Everyone runs in all directions without really knowing why.

Almost all of us suffer from the same mental traps, visible or invisible, that hold us back and make us afraid of change—but we can get rid of them.

What's next?

Getting rid of the traps of thinking requires courage: the courage to change old beliefs, to listen to yourself and not to other people's voices, to question what we used to think is right, to cope with the fear of the unknown. You can only change your mindset if you feel fear and act anyway. In this case, we can change our point of view, free ourselves from delusions, and become human managers.

By recognizing your thinking pitfalls, you must build and reinforce a new point of view that will be more useful to you. Create a new mental construct. To do this, you first need to freely imagine who you could become and then put these ideas into practice. This unique point of view must be deeply rooted so that you do not fall back into old habits of thought and action. It needs to be incorporated into your life and your leadership. To embrace a new way of thinking, living, and acting requires learning and practice.

Human managers have a profound impact on the lives of their loved ones, their companies, and the world. The path from the mind trap to the mind construct separates the past managers from those who will successfully meet the present and future challenges. You, too, can become a human manager and brighten our world with your light.

PART 1
START

ECCO

Chapter 1

FLAWED MANAGEMENT

Special committees, strategic projects, boards of directors, and business volunteering are all management. There are many ways to seek out new skills, demonstrate leadership and promote professional growth. However, it is crucial to continue to perform its current functions well.

Ideally, our mandates include challenges to surpass ourselves and show our abilities. This will score points with the management. But the orders must be attainable. Don't try to jump five steps at a time because the risk of failure would be too significant.

They sometimes say that it is lonely at the top. As a manager, you will notice that there is always an invisible barrier between you and your employees. No matter how informal you are with your employees, they will always consider you the boss.

When you're in a managerial position, you cannot always be a friend to everyone. How would you like to sue someone if they are not functioning correctly? Or worse, to tell an employee that they no longer have a job?

A higher position does not only mean that you can delegate more. You are also responsible for the functioning of others. So, you will occasionally have to take the proverbial beating for the evil work of someone else. Count on your workload increasing, and you will have to work longer working days.

What if we fail? Failure is not fatal. It is an attitude that can be the worst reaction, the one that could put the brakes on your career? Blaming everyone and all sorts of factors. You have to assume what happens, try to understand the reasons for your failure, and bounce back quickly.

That's what a good manager does.

Becoming A Manager

Do you think you can deal with the flaws, and do you still want to become a manager? That's nice, but of course, you haven't gotten there yet.

You need an aptitude for it to fulfill a role as a manager. Your superiors must see that you have that aptitude to get the position. You must also know your field, and you must also showcase this.

So, the first step to becoming a manager in the company you work for is to put yourself in good light with the people who can help you in the saddle. This generally means that you will have to do more work, work overtime more often, and help current managers do their job. Just saying you could do better isn't enough.

Skills

You don't have to be an expert and have read all the management books to become a manager. However, there are several skills you should have or develop:

- **Communication:** Employees below you, your co-managers, and your superiors: when you are in control, quite a few people want to talk to you. Be careful when you have something to say; don't discredit yourself by setting expectations too high. Do not always speak for yourself; you must also be a good listener.

- **Persuasion:** You will have to convince people to do what you want from day one. Whether you want your employees to show more commitment or pull a bigger budget from the board, you will have to get them to get your way.

- **Leadership is a difficult quality to cultivate because it is often based on the respect and trust of those around you.** In a nutshell, you have to be charismatic enough to let people follow you blindly if you want to go in a specific direction, even if that means making sacrifices together.

Questions to Ask

1. What attracts me most in a management position?

Strong managers take responsibility—both for the work of the team members and for everyone's well-being in the workplace. Do power and authority particularly stimulate you? Then you put your image on the line, and you won't get very far in your career.

2. Do I have the motivation?
Motivated managers have ambition. They want to exert their influence within the company. They know what drives them and have the inner strength to stay motivated and inspire others.

3. How do I interact with others?
Managers communicate to inspire. They boost the morale of the people around them. Do you like talking to people? Do you notice that your colleagues take your ideas and advice to heart?

If you are more withdrawn, then management is probably not for you.

4. Do I like to take on a new challenge?
Managers want to develop themselves. They learn from mistakes made and successes achieved. And above all, they are constantly raising the bar and looking for new challenges. You are doomed to fail as a manager if you and your team keep making the same mistakes or avoiding new challenges.

5. Do I have confidence in myself?
Successful managers have a strong belief in their abilities without appearing arrogant. Do you strike the right balance between taking charge and delegating authority?

6. Can I adapt well?
Nothing is black and white. Good managers mainly see the shades of gray. Your feelings and views are not sacred. Pay attention to the nuances. Adapt to the diverse personalities and working methods of your team.

7. Do I take time for others?

A manager takes the time to manage others and answer questions. At the same time, you have to get your work done. Before you are a leader, success is all about growing yourself. When you become a leader, success is all about growing others.

8. Am I open to constructive criticism?

Tall trees catch a lot of wind. Strong managers are not shaken by criticism. On the contrary, they see it as an opportunity to learn. It is not a given for everyone to not take criticism too personally. You can learn it with time.

9. Can I handle the confrontation?

Intense discussions are part of the job. Managers don't shy away from them, even if they upset former colleagues or work friends. Are you able to reprimand or even fire famous employees for not performing?

10. Do I take responsibility?

Successful managers feel responsible not only for their work but also for the performance of their team members. When someone on your team makes a wrong turn, it reflects your leadership. Learning to deal with this is a difficult adjustment.

Did you answer "yes" to most of those questions? Fantastic! You have the strength and motivation to go far in a management position. Did you reply "no" more often? That's also okay! Many people feel pressured to take on management jobs. But is that what you want? You can also excel and grow without taking charge.

The Performance Review Trap

Performance reviews are a very commonly (mis)used tool in organizations.

Competencies: A Changing State or A Personality Trait?
Before creating an assessment, it is essential to know whether you are trying to measure a state or a personality trait to know the best method to use.

A state is something that varies over time. Example: emotion, skill, or knowledge.

However, personality traits can have more stable patterns. For example, more introverted people vs. more extroverted people.

A simple competence assessment does not make sense for this second group. Personality tests are used to create a self-assessment on top of carefully elaborated sentences or situational judgment tests. And yet it is questionable.

If we want to measure something abstract like "strategic thinking" or "customer focus," we must define whether this is a state or a trait.

If it is a state, we should either do a survey asking the person's state of mind or take a test with correct and incorrect answers. We shouldn't let a manager or peer evaluate the person because they can't know how much of that abstract quality they have any more than they can accurately guess their voting preferences or the score they would get on a test.

The truth about competencies like strategic thinking, customer focus, goal orientation, and others is that they are a

random mix of states and traits. We don't know if it stems from the way your brain was programmed, from what you learned to do, or from something you were told to do. We don't know if it's a different skill you learned, the same skill used differently, or something entirely different.

Research on high performance in any profession or endeavor reveals that excellence is idiosyncratic. In every respect, complete high performers are creatures of the world of theory. Each high-performance artist is unique and stands out in the real world because that person has figured out what makes them different and used that knowledge to grow it.

Because competencies are immeasurable, it is impossible to prove or disprove the claim that (1) everyone who excels in a particular job has a specific set of competencies. And it is equally impossible to show that (2) people who acquired the missing competencies outperformed those who didn't—or, in other words, whole people are better.

Personal Learning

Here I want to pause to share and admit my shortcomings.

A few years ago, under the pressure of time to support the construction of progression paths for various specialties, I ended up accepting to "fill" them with lists of competencies, falling into the trap I just talked about above.

This issue was already bothering me, but I didn't have the strength, time, and courage to do something different, influenced by the expectations that were happening with it.

I was told to copy and paste what other HR was already doing a few times. And I imagine the intention was good: "let's

spend less time reinventing what 'already works' in companies that are growing successfully." There is that idea that "there is a lot to be done; if we question the most basic things, we will not advance at the speed we want."

Interestingly, when talking to HRs from some companies to find out how the progression tracks and assessments were "working" there, I smelled the dangers and pitfalls I describe later in this text.

Difficulty Evaluating People Who Work with Knowledge and Group Collaboration

In our current context in the world, it is common for people working with knowledge and complex issues to require group collaboration in various parts of their delivery:

- It is impossible to measure individual performance by the quantity delivered per hour or day.
- Deliverables are intangible and difficult to define.
- Results are often based on team deliverables rather than individual deliverables.
- Time spent at work is becoming increasingly confusing as distributed and remote work integrates work and personal tasks.

The Strawberry and Cream Trap

Experienced managers know about the existence of a trap that can be loosely called "strawberries and cream." This trap lies in following the so-called golden rule, which says: "Do to others as you want to be done to you." Let's look at this rule from a different point of view. Let's say I like strawberries and cream,

but that doesn't mean I take strawberries and cream with me as bait when I go fishing.

You need to put what the fish likes on the hook to catch a fish, even if I don't enjoy such delicacies. You can't win the heart of a caring type by treating them the same way you treat active types. You can't beat the minds of the thinking types by approaching them with the values of the caring types.

To give an example, during one of my teamwork workshops, a manager stood up and apologized to his team members for constantly challenging them. "Problems and challenges always kindled a fire in me," he said, "and I thought they had the same effect on everyone." As you can see, this manager went fishing for a long time with strawberries and cream instead of suitable bait.

We are all so different! For some, complex tasks stimulate action; for others, they make them feel like they are being used. Not everyone enjoys a public display of gratitude. Not everyone will be happy with the offer to help them. Moreover, the bonus system does not work at all.

Managers who know their people can find the key and create an environment where each employee does worthwhile work and creates added value. Such managers are open to communication. They are not afraid to ask questions such as "What do you expect from me as your manager?", "How do I meet your criteria on a scale of 0 to 10?" and "What do you think I need to do to get a high score?" It is essential to let people feel that the leader is trying to understand their point of view and, as far as possible, meet their needs. By giving people

what they don't usually get, you can get back what they don't usually offer.

If the Innovation Goal Is for The Whole Company, The Manager Is the Key

Transformations often begin and start well when an organization has a new head who is a good leader and sees the need for significant change. If the innovation goal is for the entire company, the manager is critical. When change is needed in a division, the division chief executive is required. Phase one can be a massive challenge if these individuals are not new leaders, great leaders, or champions of change.

In the first phase, bad business results are both a blessing and a curse. On the plus side, losing money attracts people's attention. But it also gives less room to maneuver. The reverse is also true with good business results: convincing people of the need for change is much harder, but you have more resources to help make change happen.

Cult-Like Culture

May the best person for the job lead this team. And while our hierarchical organizations look like meritocracies in which the best become leaders, they often don't.

Confident people have an advantage in the "struggle for power" and are more likely to rise in the hierarchy. They are seen as more capable. These leaders may be considered suitable for their top positions. Still, they may lack essential competencies such as listening well, coaching their people, and being a "team player" for the common organizational goal.

Choosing managers, deciding who gets promoted and who doesn't, who is the best: it's not easy. It is not easy to judge your abilities because everyone thinks they are better than average! That's a funny fact because there would be no average if that were true.

It's even harder to judge someone else's abilities. Research shows that our reviews often say more about ourselves than about others. And also, think of those in power differently than those without power.

Also, we value those who are more like us. The answer to "who is competent?" is suspiciously similar to "who am I comfortable with?"

Many organizations mirror democracy rather than a meritocracy (where people are promoted based on merit). More of the same kind of confident, outgoing, assertive people are encouraged to be leaders. Today's decision-making leaders prefer to choose people who are like them. That also explains why diversity, inclusion, and equality can be challenging in practice. They are pacifist principles, but people still prefer to choose people like them.

Dangers of Cult-Like Culture

Idiosyncratic Effect

This effect explains that my evaluation of you, such as your "potential," is guided not by who you are but by how I would define "potential," how much of it I think I have, and how hard I tend to evaluate others. It's more about me than you.

We are consistently harsh or generous.

We Can Better Evaluate Those Who Are Most Similar to Us

Another challenging aspect is intragroup favoritism, also known as group bias. We tend to value those who are most culturally similar to us.

It is common for us to divide the world into two parts: them and us, us and others.

Even though we are aware of some biases, it is still difficult to separate the questions of "who is competent?" and "who makes me feel most comfortable?" or "who looks more like me?"

What we believe to be meritocracy can best be described as "mirror-autocracy," a term suggested by Mitch Kapor. We tend to hire people like ourselves instead of hiring the best people for the job.

Halo Effect

We tend to use our first impressions of a person for other unrelated factors, interfering with our judgment. Even our sympathy for someone can affect our assessment.

- Highly confident people tend to have an edge in the competition for power. The more confident someone seems, the more likely we are to believe they are genuinely capable, whether that's true or not. Actual competence is often challenging to assess, so instead, we measure an individual's self-confidence.

- In a formal hierarchy, power relations are highly asymmetrical. Managers have much more control over their subordinates than the other way around. This makes it risky to question a superior's competence. Stick a pin in your

boss's exaggerated ego, and it's your career that will "blow up!" Power differentials encourage acquiescence, which leaders often mistake for agreement.

- There is a third reason why hierarchy promulgates unrealistic assumptions about executive competence. Among those who adhere to a top-down view of authority, there is a common belief that "great" issues are unique to "great leaders." While the senior leaders in your company may ultimately be responsible for the strategy, that doesn't mean they're the best at creating it.

Imposter Syndrome and Worse Than Average Effects

But in imposter syndrome, a competent person feels like they're a fraud and is likely to be discovered at any moment.

This makes competent people able to self-evaluate and underestimate their competencies. In addition, a person suffering from this syndrome can question themselves with other colleagues and even with their boss, which can mean that people can evaluate them with less competence due to their insecurity and questions about themselves.

Bad Culture Breeds Bad Managers

One of the most important is the famous saying, "People don't quit jobs; they quit managers."

In an employee's life, it is common to hear complaints about managers who do not know how to reward those who do their best work. Many talented people even decide to create their own company to avoid these bad managers.

If this is your case, know that you are not free from your worst nightmare coming true: that managers who only make

stupid actions may end up being you in the eyes of their employees. They would not recognize you as a leader but only as a manager, and there is a fundamental difference between these two terms.

While the manager defines responsibilities by legitimizing the hierarchy, the leader can mobilize people by reference. People follow them without having to have a designated authority.

Most of the time, employees don't like their managers because they think they have been unfair or expect more work.

Often, the little things build up and lead to a crisis.

If you were once a talented employee, you must know how important it is for a business to have above-average performers. And this has nothing to do with age or university of origin.

A good manager should know a little about their employees' lives, like whether they have kids and where they like to go on vacation.

If you don't care about your team, you don't build trust in the working relationship, and without faith, you'll make an organization on foundations that aren't solid.

Before giving up a job, people should think "long" about the possibility of changing the professional culture.

The Taxonomy of Management Failure

When a new manager is introduced to an organization, it can take some time for them to build trust and authority. One of

the most challenging tasks for a new manager is getting people to trust them to make their work relationship more productive.

Sometimes, though, new executives stumble over common obstacles or place too much emphasis on certain aspects of the unique role that impede their progress in building this relationship with the new team. Here are some pitfalls managers face when taking on a management role.

Make Important Decisions Very Quickly

You should avoid the mistake of acting too quickly when taking on a new leadership role, especially if you are joining a new company. Start by conducting a listening tour with your key stakeholders to overview the terrain. Also, think about getting your executive team more involved in important decisions as you get to know the company's way of doing things.

Believing That Prior Knowledge Is Enough

A common pitfall for new managers is the belief that the technical or functional experience that has led to their progression through the company so far will be enough to succeed at a more senior level. To be good at this other job, they need to work on their leadership skills and business knowledge, like making strategic plans.

Losing Focus on the 'Who'

Focusing too much on the "how" and "what" and losing focus on the "who" is the biggest mistake new managers make. Ensure the right people are in the right roles across all business units, then listen to, support, and empower them. If these new leaders control all processes and micromanage their managers, they will lose sight of the bigger picture and long-term goals.

Not Planning for Evolution in The New Role?
The biggest pitfall, in my opinion, is the lack of planning on how the manager will evolve in this new role. Often, the manager was a high performer in their previous position, but the new role requires new skills to succeed. Create a plan that focuses on two or three skills you can work on in this new job through specific steps so you can be ready to do well right away.

Becoming Too Focused on Yourself
People tend to become more self-focused as they go up some stairs. The most effective managers believe their job is to pave the way for their followers, and they don't focus on what's in front of them. Your success is built on the success of the people on your team.

Move Too Quickly When Entering A New Role
When managers take on a new role, they often act too quickly. They are eager to impact and demonstrate their leadership qualities before assessing the organization's strengths and culture. Managers need to pause and avoid the temptation of a perceived quick win. New managers will be evaluated for what they do and how they do it.

Don't Change to A New Mindset.
The most prominent pitfall managers face when taking on a leadership role is their mindset. Having a clear concept of your new role and changing your thinking to align with that new role is crucial. The change in your mindset must be accompanied by a deliberate decision to spend your time on the areas that will help you think more strategically and help your team grow.

Not Being Diligent and Deliberate About Self-Care

With new demands on time, new managers will need to be increasingly diligent and thoughtful in how they spend their time. It will be more important than ever to make time to get away from the hustle and bustle of everyday life, calm your mind, focus on general issues, and just think. This could be a brief meditation, a walk outside, an extended sabbatical, or all of the above.

"Clean the House" Without Evaluating Talent

New managers often "clean house" when it comes to people without evaluating existing talent. Yes, you need to bring your team in, but don't throw out the quality people part of the old cycle. Find the winners. Many managers want and will only work with "their people," but your people may already be among you.

Neglecting One's Physical and Mental Well-Being

Not looking after your own physical and mental well-being is a familiar pitfall managers fall into, and it's not restricted to novices. Set aside an hour a week to take "your time" and check in on how you are feeling physically and mentally. Exercise regularly, meditate, read a book—whatever makes your boat float. When you need to rest, take time to rest.

What to Do

Managers and employees influence each other. Both play an essential role in how the job will be done. In other words, leadership is about WE, not me. Let's look at the three steps a manager can take to become the leader people and organizations need.

Hire Smart People

This is a no-brainer. When you hire someone, you are primarily looking for someone who fits your organization. You also want people who have the skills required for the position or have the potential to develop those skills. They also need to think and plan carefully. In addition, you want to see assertiveness, organizational skills, creativity, and the ability to communicate well. In short, you are looking for winners.

I often ask managers, "How many of you go out and hire bad people?" Unfortunately, too many organizations still use the "normal" distribution model, where managers have some winners, a few underperformers, and the rest are average.

That's bullshit.

Do you also say, "Last year some of our worst people left, so let's hire some new losers to fill those spots"? Of course not! You hire winners or potential winners—people who can perform at the highest level.

Train Them Well

Even if you hire someone who already has the technical skills, it is essential to continue to train them and provide the proper support. All too often, managers hire people, give them some training haphazardly, and pray that it will be a winner. Successful managers don't let people swim. They support them during the three phases of collaboration for optimal performance.

- **Performance planning**

No matter how busy you are, it's essential to spend time with your employees to fine-tune the schedule and set goals.

Assess the competence and motivation of your employees for each task. It's up to you to provide support when they need it. Whether it's technical training, helping speak to the right people, or just moral support, even winners need support and encouragement to be the best.

- **Performance Coaching**

Managers often assume that their performance planning conversations are so clear that no follow-up is needed. Save yourself a lot of time and misery by regularly checking the progress together with the employee. If everything goes smoothly, this is an opportunity to compliment them and celebrate victories together. If things don't go according to plan, you can pick yourself up in time before things get out of hand.

- **Performance management**

I don't believe in the dreaded annual performance review. I prefer to assume a continuous process of performance management that takes place during open, honest discussions that managers have with their employees throughout the year. If you've had regular one-on-one meetings throughout the year, the annual performance review shouldn't hold any surprises.

Avoid Them

After you have worked with employees to set goals and given them the coaching and support to achieve them, just let them go. Employees are not just a bunch of extra hands; they also have brains. A trained (potential) winner does not need a micromanager; they need autonomy to grow and prosper.

While providing a coaching leadership style is perfectly appropriate when someone is learning a new task or skill, it is

wise to switch to a supportive/delegating style. This means that you have to trust that your winner works independently. That means handing over responsibility for day-to-day decision-making and problem-solving. In short, get out of the way.

Don't disappear completely. Even the most autonomous winners need managers to celebrate their victories and take on new challenges to keep them motivated.

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