

LEADERSHIP BLINDSPOTS

How Successful Leaders Identify
and Overcome the Weaknesses
That Matter

ROBERT BRUCE SHAW

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The *Leadership Blindspots Self-Assessment Survey* is available online at www.wiley.com/go/leadershipblindspots.

The survey contains ten questions in each of the four potential blindspot areas (self, team, company and markets). The results indicate a leader's likelihood of having blindspots in each of these four areas and in total.

INTRODUCTION

An executive I know believes that leadership, when all is said and done, is simply making better decisions than your competition. When asked how people can best develop this capability, he smiles and says, “Make a lot of bad decisions that don’t kill you.” The fact that good judgment is built on bad judgment means that you learn primarily as result of your experiences—particularly your mistakes. Over time, you develop better judgment as you live with the outcomes of your choices. You also observe other leaders and extract lessons from their decision-making process. The full truth, however, is that experience is no panacea. You may not make the same mistakes twice and will most likely make fewer mistakes as your career progresses—but you will make mistakes. Even the most talented and best-prepared leaders learn on the job—facing complex, ever-changing, and often unexpected challenges.

It is equally true that mistakes become more costly as you move up in a company. Take the case of Ron Johnson at JCPenney. Johnson was appointed CEO based on his stellar performance at Target and later at Apple, where he created a retail division that became one of most profitable in the world. Some viewed him as a retail genius. The board of JCPenney believed that Johnson’s innovative leadership was needed to revitalize the firm. He would determine how to rebrand the company and bring in new customers. Soon after being hired, he pushed forward with his bold vision for the century-old retailer. He moved the company away from its historical roots as a retailer offering bargains on heavily discounted and private-label merchandise. The company would now offer a range of branded products at “everyday low prices.” Johnson implemented his changes quickly, despite warnings that he was moving too fast in a company and marketplace that he didn’t fully understand. Extremely confident, some would say arrogant in the mold of his former Apple colleagues, he saw no need to pilot test his ideas before pulling the switch on a massive and risky undertaking. It was soon apparent that his vision was ill-conceived and even more poorly executed. Many of the firm’s traditional customers, without the lure of steep discounts, stopped shopping at JCPenney, resulting in a loss of \$1 billion in the first year after Johnson took charge. A business school professor noted that “Penney had been run into a ditch when he took it over. But, rather than getting it back on the road, he’s essentially set it on fire.”¹

Mistakes, of course, occur for a variety of reasons. In some cases, the information available to a leader is incomplete or flawed. In other cases, the analysis, while rigorous, is inconclusive on the best path forward, and the leader simply makes the wrong choice. Not all bets are winning bets. Ron Johnson’s mistakes, however, were not rational mistakes. They were the types of mistakes of which others say, some before and many after the fact, “What was he thinking?” Johnson was handed a company in

far worse shape than anything he had experienced at Target or Apple. He also had little experience with the middle market of fashion retailing—which is quite different from selling iPhones in a sleek Apple store. Despite these differences, he was convinced that the management techniques that had worked so well for him at Target and Apple would also work at JCPenney.² He didn't need market research to tell him what would work. He didn't need to hear other points of view on the best path forward. He simply charged ahead, as he had in the past, based on his gut instinct. Even after his strategy was failing, after he had set the company “on fire,” Johnson claimed that he would not have changed his approach.³ Eventually, Johnson accepted that mistakes were made and tried to salvage his plan—but by then it was too late to save his job.



In this book, I use the term *blindspot* to refer to an unrecognized weakness or threat that has the potential to undermine a leader's success. This definition of blindspots is distinct from two related concepts. First, some failures are the result of so-called black swan events: events that are unpredictable, uncontrollable, and rare—and also largely outside of the ability of a leader to anticipate or influence. Nassim Taleb, who introduced the concept of occurrences as improbable as a black swan, cites the Internet as an example of something that could not have been foreseen but that, once in place, changed the nature of society, including how business is conducted.⁴ A more recent example is the development of hydraulic fracturing and horizontal drilling, which will have a major impact on the US economy and potentially the world economy. The best a leader can do to prepare for black swan events is to consider a range of potential disrupting events and how to respond if they do occur. Blindspots, however, are different from black swan events in being much more common and potentially recognizable—that is, existing information allows a leader to see and address a weakness or threat if he or she understands how to view it properly. They are potentially knowable and actionable.

Second, failures sometimes result from what can be called situational blindness, where the environment makes recognition of a weakness or threat almost impossible. These situations are not as extreme as black swan events but have the effect of blocking awareness. Time is needed for events to unfold, for new data to surface, in order for a leader to gain a clear line of sight regarding the situation he or she faces. Let me use an analogy to illustrate this point. I have a colleague who lives in New York City. His son takes a bus to a school located in a different part of the city. Each weekday, they look out the window in their high-rise building with binoculars to spot the bus as it makes its way uptown; the son then goes down to the street to meet it. However, on some days the fog rolls into Manhattan and binoculars are of no use. On these days, my colleague's son leaves early and waits for the bus to arrive. Making a decision in a company is similar in that some conditions of blindness are not the fault of the leader but, instead, arise from the situation.⁵ A leader, for example, may push her firm to launch a new product that has no equivalent in the market. While prelaunch analyses

can be helpful, the product needs to be in the market before data become available to fully inform the leader's decisions on how to best promote it. Leaders are flying blind when they don't have access to the information they need because the situation makes it impossible to obtain that information. In contrast, blindspots are recognizable if one looks for them.

This book doesn't focus on black swan events or cases of situational blindness. Instead, it investigates irrational errors of some significance—those that cause harm when leaders fail to see what is right in front of them. The most visible of these blindspots is typically a leader's lack of awareness of his or her impact on others. This is the executive who ostensibly believes in empowering her team members but then makes all the key decisions herself, forcing others to comply with what she wants. She may tell a next-level manager, for instance, that he can hire the members of his own team but then selects the best candidates to fill open positions. Her team members feel, justifiably, that she is micromanaging them and putting constraints on what they can do with their groups. In this case, however, the overly controlling leader is not being hypocritical. She truly believes that she is acting one way (delegating authority) when in reality she is acting in a very different manner (making decisions for others). She is blind to the reality of how her behavior frustrates those who work with her.

Blindspot: An unrecognized weakness or threat that has the potential to undermine a leader's success.

Blindspots, however, are not just cases of failing to see ourselves or our actions accurately. They are evident in the way we view our teams, organizations, and markets. Some leaders, for example, view particular team members as being much more talented than is actually the case. Or they can fail to see the untapped potential in others and don't give them the opportunity to grow into broader roles within a company. Other leaders hold distorted views of their organizations. An executive may believe that his organization is making steady progress on implementing a reorganization. What he doesn't see is that some of the old guard in his company are resisting his new design—telling him that things are fine but then standing on the sidelines and not providing the support needed to make the change a success. Still other leaders may have blindspots about their markets, as did Ron Johnson at JCPenney, who failed to see his customers accurately. Blindspots thus operate at multiple levels: how you view yourself and your impact on others, the strengths and weaknesses of your team and company, and the forces operating in the industry and markets in which you compete. A savvy leader knows that he or she may have blindspots at each of these levels.

In the following chapters, I examine how to identify the blindspots in yourself and others. Two surprising qualities of blindspots are worth noting here. First, leadership strengths are often found in close proximity to blindspots. An overpowering strength, in particular, usually has an associated blindspot—one that is sometimes problematic and sometimes not, but always close at hand. Leaders who are deeply passionate, for

instance, can believe in their own views to the point of dismissing contrary views or information that doesn't fit with their beliefs or plans. Visionary leaders, in particular, are often driven individuals who can become prisoners of their own assumptions. Consider the executive who has superior analytical skills but lacks an ability to inspire others. The problem is that his highly developed analytical skills inhibit him from standing back and crafting a clear message that motivates people. Moreover, he doesn't see the need to do this because of his all-consuming belief in the primacy of analytical solutions in moving a business forward.

A second, and related, quality of blindspots is that they may be recognized only to reappear again later in a leader's career. In other words, awareness of a blindspot doesn't mean it disappears. I worked with a leader whose blindspot was being too optimistic. This trait was adaptive in many ways, and she moved into increasingly senior roles within her company. She was successful, in part, because she took risks on initiatives and people. Her colleagues also responded well to her positive, can-do approach. However, her optimism became a weakness when she waited too long to make tough decisions to stop funding problematic projects or move people out of positions in which they were failing and lacked the skills needed to be successful. You might assume that this blindspot would be corrected once she had been burned by being too optimistic. However, she would revert to an overly optimistic view even after experiencing the downsides of her approach in managing projects and people. In essence, she knew she was too optimistic and then continued being too optimistic. She knew the risk, yet she continued to ignore the consequences.



The previous points might lead you to conclude that blindspots are inevitably bad and should be eliminated. Not true. Some blindspots, in some situations, are adaptive and serve a leader well. Joseph Schumpeter, the economist, believed that leadership requires an unbending will to overcome "the resistances and uncertainties inherent to doing what has not been done before."⁶ Blindspots can protect a leader from doubt, helping to push him or her forward in the face of uncertainty and adversity. In particular, a leader with blindspots may see what is possible beyond what a realistic assessment would suggest is sensible. In its early years, IBM was a small, regional business with a different name. It sold time clocks, coffee grinders, and scales for weighing meat. Tom Watson Sr., after taking control of the firm, had dreams of building a great company and decided a new name was needed. Watson's son, who eventually replaced him as CEO, recalled: "Father came home from work, gave Mother a hug, and proudly announced that the Computing-Tabulating-Recording Company henceforth would be known by the grand name International Business Machines. I stood in the doorway of the living room thinking, 'That little outfit?'"⁷ Confidence of this type often involves some level of denial, or lack of knowledge, about the challenges facing a leader and his or her company. The obstacles are minimized in favor of a vision of what a firm can

become. Blindspots thus allow a leader to reach higher and achieve more than would otherwise be possible. They also help sustain self-confidence, as setbacks are seen as temporary and not an indication of one's ability to lead. A more recent example of the potential benefit of blindspots is found in the story of Sara Blakely, founder of the apparel company Spanx. Blakely noted that her own lack of knowledge of the retail industry and the challenges she faced was a key to her success: "What you don't know can become your greatest asset if you'll let it and if you have the confidence to say, I'm going to do it anyway even though I haven't been taught or somebody hasn't shown me the way . . . I wasn't as intimidated as I should have been."⁸ Beginning with \$5,000 in start-up money, she became the youngest self-made female billionaire in history.

Blindspots, however, always come with a price. They increase the risk of becoming overly detached from reality and failing to see or act on a significant weakness or threat. Ron Johnson had a vision for JCPenney as grand as Tom Watson's vision for IBM—he wanted his company to be America's favorite place to shop. But he couldn't make his dream come alive in the light of day.⁹ The challenge for leaders is to act with confidence, with boldness, while recognizing the limits of their knowledge and the reality of the situation they face. They need to be optimistic without being in denial. In particular, they need to know when to follow their intuition, when to push ahead in the face of adversity, and when to pay attention to the warning signs that recommend a change in their approach.

This can be a difficult balance to strike. I worked with a dynamic leader whose forceful style offended some of his colleagues who preferred a more collaborative approach. He was direct in voicing his concerns about his firm's weaknesses and the areas that needed to change. His supervisor told him that he should be more positive about the company and supportive of the strategies being implemented—that some of his peers felt he was undermining the morale of the group and not acting as a team player. The problem was that the approach being suggested by others had produced little change in a company that needed a great deal of change. This leader considered the feedback and took what he thought was important in the message he was receiving. He modified his style by learning, as he described it, to be assertive without being aggressive. He made the same arguments, but in a manner that was less likely to be perceived as attacking his peers and resulted in less collateral damage. He did not stray from his goal of changing the company, but he modified the way he went about achieving it.

One of the intriguing aspects of blindspots is that the common beliefs we have about them often turn out to be false or only partially true. Learning to recognize and deal with blindspots is a task in understanding the sometimes counterintuitive aspects of how they operate and then more effectively managing yourself and others with that knowledge (see table, "Blindspots: Assumptions and Realities").

Blindspots are not just cases of failing to see ourselves or our actions accurately. They are evident in the way we view our teams, organizations, and markets.

Blindspots: Assumptions and Realities

Common Assumptions	Common Realities
Great leaders are those without blindspots.	Great leaders often have the greatest blindspots.
A blindspot, once surfaced, ceases to be a problem.	Blindspots are tenacious and can reappear, causing problems over a leader’s entire career.
Blindspots are always destructive.	Some blindspots are adaptive and helpful to a leader.
Other people see a leader’s blindspots more clearly than the leader.	Blindspots exist not only in a leader, but also in the individuals and groups surrounding a leader.
Blindspots are preventable.	Blindspots are inevitable but can be managed more or less effectively.
The key to managing blindspots is changing the way you think.	The key to managing blindspots is having people, processes, and practices that help you surface and overcome your blindspots.



I view blindspots from the vantage point of a management consultant working with corporate leaders and their teams. My primary goal is to provide you with useful advice on surfacing and overcoming the blindspots that have the potential to harm you and your company. A secondary goal is to help you understand the blindspots of others and how best to deal with them. The people I want to reach are those currently in leadership positions as well as those who aspire to be in those positions. I also hope the book will be useful to those working with leaders, such as HR professionals, consultants, and educators.

The chapters can be read in a manner specific to your interests. Each contains a stand-alone set of ideas and recommendations regarding a particular facet of blindspots. The first section of the book examines the concept of blindspots—why they are important and how they operate. Chapter One contains three illustrative cases of well-known leaders operating with significant blindspots. Chapter Two provides a framework and tools to help identify blindspots in yourself. Chapter Three describes the common blindspots I see in my work with leaders. Chapter Four examines the factors that give rise to blindspots and a framework to manage those factors. The second section of the book, Chapters Five through Nine, offers specific ideas on surfacing and managing your blindspots. This is the application section of the book. You can jump straight to these chapters if you are primarily seeking practical ideas on how to manage your own

blindspots. The advice in these chapters can also be used by teams and organizations to create a culture that makes leadership blindspots less likely.

I use cases in every chapter to illustrate the pervasiveness of blindspots and the different forms they take. Some of the cases profile successful leaders who show us how to effectively surface and overcome blindspots. I also examine other cases in which very smart people do very foolish things. These examples, positive and negative, often involve senior leaders, but the lessons from their experiences apply to managers at all levels of a company. I use public cases as well as those from my own consulting work (which are disguised to protect the identity of the leaders and companies with whom I have worked). The only people identified in the book are executives whose stories are in the public domain.

We live in a time in which the mistakes of those in positions of authority are increasingly visible and the focus of constant media attention. As a result, confidence in leadership has declined over the past decades in almost every realm of life—in some cases, for good reason. What occurred, for instance, at firms such as Enron, Tyco, and WorldCom illustrates how some leaders violate the trust placed in them. Other leaders, although ethical, mismanage their firms and fail to take the actions needed for their companies to remain competitive. That said, the vast majority of leaders, while not without flaws, strive to meet the needs of those who depend on them—including customers, colleagues, and shareholders. The exploration of blindspots needs to be balanced with an appreciation of the pressures leaders face and the very real difficulties of being self-aware, particularly when occupying a position of power. As Theodore Roosevelt observed years ago, credit goes to those who are willing to enter the leadership arena—and, in so doing, potentially exposing their weaknesses and shortcomings in the pursuit of a larger and sometimes even noble cause.¹⁰ Ron Johnson made a mess of things at JCPenney. However, he could have stayed at Apple and continued to run a very successful retail division in a highly regarded firm. Instead, he took on the challenge of saving a troubled company in a highly competitive industry. To focus on the failures of leaders without appreciating their higher motives and the obstacles they face is to lack perspective—a mistake that I strive to avoid in the following pages.

Blindspots are worthy of attention because the costs of neglecting them can be so high. A single blindspot, in a critical area, can undercut even the most talented leader. Blindspots can also take a toll on those who live with the consequences of a leader's decisions. The thousands of employees who lost their jobs at JCPenney may never find comparable positions. The firm's shareholders will be fortunate if they recover their losses, and they stand to lose much more if the firm eventually fails. The communities that depend on jobs created by the company will suffer if JCPenney does not heal from the wounds inflicted during Johnson's brief seventeen months as CEO. Blindspots matter because leadership matters.