The Isolated Executive:
from larger than life to real, engaging and inspiring

There is a sense of mystique about the CEO, resulting from the perception that they are removed from the daily workings of the company, and that they are somehow larger than life. The television network CBS has explored this phenomenon to great success on its show “Undercover Boss,” in which the out-of-touch head of a company dons the outfit of a front-line employee, and gets his hands dirty undercover. The show follows a tight narrative in which the “boss” is challenged physically by tasks, confronted with inequalities of policy, and entreated by the character, hardships and life stories of low-level employees. Admonishing his oversight of the small people, the boss reveals his true identity and implements philanthropic initiatives, promotions and policy changes, appearing before his company to share his journey to the bottom of the organizational chart.

This reverse fairytale appeals to a mass audience because the hard work of the low-level employee is affirmed and rewarded. But the show fails to address the crux of the problem: an organizational structure oriented around top-down communication, hierarchical silos, and a lack of trust and interface between employee and employer. Going undercover is a deception; ideally, CEOs should not need to disguise themselves to get a sense of what is going on in their company. That they can do so undetected is indicative of a deep schism between upper management and field staff.

The following paper describes some of the complicated dynamics and implications of executive isolation, and presents insight and recommendations from experienced executive coaches on how to avoid the executive bubble.

Alone at the top

Executive isolation is a state of being separated from the people within an organization. The isolation may be overt – the result of endless business trips and a lack of face time with staff – or more subtle – an emotional distance between the CEO and those he or she relies on to keep them “plugged in” to the organization and its operations. This type of isolation or separation is associated with a myriad of complex human factors and can have serious implications for employees, leadership and the organization as a whole. While ample research exists on what personality traits and characteristics make an effective leader, one area appears to be most closely related to the problem of executive isolation: social awareness and authenticity, and personal intelligence. Leaders who understand not only themselves, but also have a deeper and more perceptive understanding of others with whom they interact, are less likely to be subsumed by the executive bubble. Such leaders often have a high level of self-awareness and humility, and are receptive to feedback. Tantamount to personal receptivity is an organizational culture that promotes open and honest communication. Often we see that company culture reflects the personal style of the CEO, or vice versa. As such, each needs to be addressed.
The filtering phenomenon

A culture of open feedback is contingent on a demonstration of trust, and ongoing two-way communication between upper and lower levels of an organization – it is not a banner initiative, but rather runs on relationships that have been fostered over time. According to Michael Roberto, author of “Know What You Don’t Know: How Great Leaders Prevent Problems Before They Happen,” and a professor of management at Bryant University in Rhode Island, “Many executives say ‘My door is always open.’ But bad news does not come through an open door. To learn the bad news,” Roberto says, “a CEO must walk out the door and hunt for it.”

A CEO or upper-level manager perceived as antipathetic will (inadvertently) encourage the “filtering” of information by subordinates. “There are a whole bunch of natural filters in an organization,” Roberto explains. “It’s not because people are necessarily hiding things, but as information moves through the hierarchy of a company, it gets packaged, streamlined, and analyzed.” The result is that a CEO is fed treated and often distorted information that may conceal important nuances. Organizations acting on inaccurate information can become static and vulnerable to change, because no one will tell the boss what is really going on. For example, “small” problems in the field can quickly escalate into big client issues and expensive change orders if they are not dealt with properly – especially when field staff are reluctant to involve the boss for fear of being blamed. In these kinds of situations, it is critical for management to be in touch with operational leaders who understand what is happening in tactical positions and who aren’t afraid to give straight, unfiltered information.

The ego effect

Company culture is a constant in an ever-changing market; a positive culture can buoy a company as it evolves and adapts to external forces while a negative corporate culture can hinder a firm’s growth. FMI’s study on “Why Contractors Fail: A Causal Analysis of Large Contractor Bankruptcies” indicated that cultural discourse on leadership often contributed to company failures, with one of the key elements being leaders’ excessive ego. Paradoxically, the traits that are responsible for the success of an individual often prove toxic for corporate culture – that is, the drive and focus that landed someone the position of CEO may blind and compromise their leadership.

Based on interviews conducted with 35 top executives of contracting companies and surety firms, FMI revealed that in 62 percent of the company-failure cases examined, ego-related issues were a crucial element in the actions that led up to the disaster. Says one industry executive, “Ego-driven people scare me the most. In this business, pride and ignorance go together, and experience and humility go together. If you have been around construction long enough, you have failed and been humbled. If you are prideful and arrogant in construction, you simply have not been hit yet.”

Pride, arrogance, over-optimism, and blindness to realities (to name just a few of the traits) are often characteristics of a leader who fails to develop a team, or seek candid feedback – characteristics typical of a leader who is trapped in the executive bubble. Such leaders may also develop a sense of invincibility, placing the company and its employees at risk of failure. The defining factor may be the underlying motivation for a leader: a selfless leader focused relentlessly on his team is different to a leader focused on growing “his” business at all costs. When FMI researchers asked...
It is important to note that the executive bubble isn’t simply a product of ego and arrogance, though those qualities play a key role. Even “good” firms can stagnate. Simple lifecycle changes can affect the culture and flow of communication with an organization.

Managers and executives of construction firms across the nation to select the statements that best describe their culture, the responses from companies that are experiencing financial crisis displayed high-ego attitudes more frequently than firms with lower risk (see Figure 1).

Exhibit 1: Evidence of a relationship between excessive ego and a financial crisis

<table>
<thead>
<tr>
<th>Statement</th>
<th>Least risk of financial crisis</th>
<th>Low risk of financial crisis</th>
<th>Had a financial crisis</th>
</tr>
</thead>
<tbody>
<tr>
<td>“We’ll figure out how to staff it once we get the job.”</td>
<td>28</td>
<td>38</td>
<td>75</td>
</tr>
<tr>
<td>“We’ll make it happen and show them what we’re made of.”</td>
<td>50</td>
<td>63</td>
<td>75</td>
</tr>
<tr>
<td>“We’re right, and we will win in court.”</td>
<td>18</td>
<td>55</td>
<td>55</td>
</tr>
<tr>
<td>“We have to keep our guys busy.”</td>
<td>45</td>
<td>63</td>
<td>63</td>
</tr>
<tr>
<td>“Just put more guys on it.”</td>
<td>5</td>
<td>44</td>
<td>45</td>
</tr>
<tr>
<td>“All our training happens on the job site.”</td>
<td>10</td>
<td>19</td>
<td>37</td>
</tr>
<tr>
<td>“We’ll make it up on changes.”</td>
<td>5</td>
<td>13</td>
<td>26</td>
</tr>
</tbody>
</table>

Percentage of survey respondents answering “yes” to statements concerning their company’s attitudes and culture (Sorted by the company’s risk of financial crisis)

Notes to chart key:

Least Risk of Financial Crisis = responses from people employed with a contractor that they believe to be well below average in terms of its risk level for having a financial crisis within the next five to 10 years.

Low Risk of Financial Crisis = responses from people employed with a contractor that they believe to be about average, or near average, in terms of the risk level of having a financial crisis within the next five to 10 years.

Had a Financial Crisis = responses from people who have been employed with a contractor that had a financial crisis.


It is important to note that the executive bubble isn’t simply a product of ego and arrogance, though those qualities play a key role. Even “good” firms can stagnate. Simple lifecycle changes can affect the culture and flow of communication with an organization. As a company grows in size and perhaps opens offices in new geographies, it becomes more difficult for the executive team to stay in touch with operations on the ground. Similarly, as managers are promoted into positions of higher authority, the push and pull on their time – either spent performing work and pursuing sales, or managing staff – can change the communication flow and dynamic of a work place.
The growing disconnect

Another important aspect of corporate culture is the level of employee engagement – a critical force that drives business outcomes (Figure 2). Engaged employees will take on more responsibility, perform more productively, go out of their way to satisfy customers, contribute ideas and feedback, inspire their peers, and grow the company, according to research.

In companies characterized by hierarchical silos, distrust, and top-down communication, the disconnect between employees and the executive suite can lead to a serious decline in employee engagement. Employees who feel overlooked, condescended to, or stifled by an out-of-touch superior may become actively disengaged. A loss of creativity, despondence, absenteeism, sabotage, low productivity and worker attrition are just some of the impacts of a lack of employee engagement. Even initially engaged and motivated employees may resign themselves to doing the bare minimum if they see their efforts are not rewarded or opinions ignored, believing that nothing will ever change.

Gallup estimates that active employee disengagement costs U.S. companies $300 billion in lost productivity a year.¹ Among the elements Gallup identified as core to employee engagement are items as simple as an employee knowing what their job is, receiving recognition, feeling their opinions are important, and having the opportunity to excel. The underlying theme is respect and empowerment of employees by their supervisor, and therein lies the difference between a “boss,” who issues directives and projects high-level goals, and a “leader,” who enables employee development and growth, encourages people to succeed, and actively solicits their feedback on a regular basis.

A view from the inside – executive coaches share their perspective

The big shift

Long-prophesied generational clashes in the workplace have become more tangible in recent years. Pervasive uncertainty about the future, a stricken economy and a lack of trust in the leaders “who got us into this mess” have caused seismic changes in the way leaders are viewed and companies are run. According to Mary Shippy, PhD PCC, senior executive coach, “A shift in leadership expectations is coming to the forefront, and a new kind of icon has emerged.”

Where yesterday’s corporate icon was brash, unassailable and heroic, tomorrow’s model leader is receptive, attuned to soft and hard business cues, and surrounded by trusted advisors. The toll that a lone wolf mentality has taken on the baby-boom generation of executives is apparent: “I’ve rarely met a leader that wasn’t on a second or third marriage,” says Shippy. “This belief that you need to be the subject matter expert on all things, know all the answers and be the go-to person, but be self-contained and keep life, work and relationships in separate camps is paradoxical.”

The rise of one-on-one executive coaching supports a growing emphasis on leadership as a form of personal growth. In continuing their education, today’s leaders look beyond business school to a convergence of emotional and physical health, philosophy and innovation in other fields (e.g. TED conferences).

A company of one

For many executives, a gradual detachment from coworkers, family and clients occurs slowly; subordinates are trained to act with a certain amount of deference, and interaction becomes increasingly sterile. The need to network and build strategic relationships becomes a proxy for forming real friendships. When people first move into positions of greater influence, they often confuse personal and positional power. Many executives have stories of being burned by information they casually shared with “friends” in the workplace. Consequently, they are conditioned to act as boss, and distance themselves from those outside their sphere of trusted peers – the symbolic head of a firm becomes a company of one.

For this reason, formal peer groups can provide the isolated executive with a circle of like-minded individuals able to speak confidentially and in a non-competitive manner about the challenges of

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**From Boss to Leader**

1. Make your expectations of employees clear. Give them the tools to perform their work and the opportunity to excel.
2. Foster employee development and recognize good work. Emphasize the importance of each role within the organization.
3. Encourage employees to share opinions, broaden their responsibility and form lasting relationships at work.
4. Involve lower-level employees in decision-making. Ensure the entire team feels a part of company growth.
5. Be honest about your own role and progression within the organization, and be humble about your achievements.

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their roles. Informal groups of casual acquaintances outside the company can also help an isolated executive broaden their focus and help them gain a fresh perspective.

When dealing with young leaders, Shippy helps them cultivate a “trust circle” – people outside their work realm who they talk to regularly to share information with and receive feedback. “As leadership continues to transform,” explains Shippy, “companions like these will be crucial, especially as many executives within the construction industry do not feel comfortable sharing company matters with their family.”

The evolved leader
Systemic change is underway in leadership within the design and construction industry, driven by collaborative project delivery approaches and enhanced by new technologies such as Building Information Modeling. Old-fashioned business models that relied heavily on competitive relationships are being replaced by a team mentality; firms partnering on a project rather than competing. As a result, leaders must adapt to changing demands in the workplace and overall business environment, and look up at the bigger picture.

“Leaders not only need business acumen and experience, but a depth of personal character, and wisdom around moral, cultural and social intelligence,” explains Shippy. “The biggest change that I see is a demand for contextualized leadership and adaptability.” At the same time, leaders have an opportunity to drive cultural change within a whole organization; to refocus teams on collaboration instead of just competition.

Once an executive recognizes their isolation, they can make deliberate changes in the way they work to reconnect, and reshape company culture. Armed with a coach they can trust and confide in, it is possible to make lasting changes to their behavior. Lastly, they are answerable to a new generation of workers who bring different values to the table, and who need an evolved leader.

The art of communication
Although executive isolation is most rife in the upper tiers of an organization, middle managers can experience similar difficulties connecting with those below and above them. Regardless of your position, isolation can be overcome through genuine efforts at communicating on a regular basis. Consider the following:

- Hold town hall meetings to gather feedback (rotate meetings in different offices).
- Request feedback from your team, and act upon it.
- Conduct regular anonymous employee surveys or 360° reviews and take action on the feedback.
- Join a peer group or generate a circle of trusted advisors.
- Engage in coaching for personal and professional growth. Cultivate emotional and social intelligence.
- Engage in authentic, unscripted conversations with employees.
- Be an active listener. Attempt to empathize with subordinate problems and needs.
- Be approachable. An open door policy isn’t enough. Communicate to subordinates a willingness to be receptive.
- Get out of the corner office.
In your stead, ensure that the organization has strong mechanisms in place to facilitate employee feedback and to take tabs on operational performance on the frontlines:

- Conduct regular employee engagement/cultural health assessments. Annual surveys can help identify shifts in culture or issues of morale for staff.
- Leverage technology to solicit micro-feedback. Informal, anonymous and instantaneous feedback through Twitter or Facebook can be incredibly enlightening after a presentation, training session or project milestone, and is a good way to overcome geographical and hierarchical hurdles.
- Reward and reinforce behaviors of sharing information. Institute rewards or bonuses for employees who have gone the extra mile to contribute feedback or ideas. Celebrate your everyday heroes periodically. Publicize individual and team successes.

The recognition of lower-ranking team members makes for a heart-warming story on television. But taking the time to get to know, encourage and engage with your employees is an initiative you can effect every working day, and one with proven psychological, financial and developmental benefits both for the company and for yourself.

For more information on how FMI can help you tackle the acute challenges facing your firm, please contact:

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