

Trouble at the top?

By Michael Jarrett , INSEAD Senior Affiliate Professor of Organisational Behaviour

“Australians don’t trust Qantas management” was the leading headline of a recent national poll. The fact that the unions were unhappy with the way management conducted the industrial dispute is no surprise.

So perhaps this distrust can be discounted as a one off. But, when several shareholders, legislators and the public start to express the same sentiments towards UBS’s, Barclays, Olympus and latterly Aviva, the stewardship role of the top team can no longer go ignored. It seems that top management, not just the board, is also under fire.

Like parents, we expect the team at the top to be perfect: setting the direction, living the values and culture of the organisation and motivating employees. However, they are only human. There is enough evidence to show that top teams have moods, emotions and anxieties that can lead to poor strategic decision making, internal conflict and underwhelming performance. Their emotions can unwittingly drive passions, greed or arrogance that can lead them to derail, with dire consequences. Enron and Tyco are vivid reminders. So how can we channel top team members’ ambitions, motivations and ‘animal spirits’ that can sometimes get them into deep trouble?

I was recently at a meeting of senior Global HR Directors and heard that a small number of companies already do regular health checks for the workings and effectiveness of their top teams. It can involve an annual review of the governance, strategy alignment sessions for the top team, 360 degree feedback for individuals along with facilitated honest conversations. “The work with boards often has transformative effects on the relationships between executive and non executive directors. This obviously remains very

important but similar work with ExcOs could have even more direct effects on the way companies operate', adds Robin Hindle Fisher of Praesta, a company specializing in this work.

The advent of various committee reports such as Higgins, legislation and corporate scandals has created an atmosphere of vigilance but most of the attention has focused on the Board. It means they have regular audits and should be culpable for any misdeeds. But by then it is probably too late: the problems start much earlier with the top management team. The accepted convention is that the Board and supervisory committees are expected to regulate the top team. However, their influence is not enough, unless of course these examples of top team failure reflect an unrepresentative anomaly?

Most of the frustration for underperformance and poor functioning has been focussed only on Boards. Perhaps it's time that top management teams should also be formally audited and held accountable for their performance.

Find article at

<https://knowledge.insead.edu/leadership-organisations/trouble-top>

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