

CHAPTER 1

Deciphering Executive Failures

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We are surrounded with recipes for leadership success. Publications ranging from popular periodicals to scholarly journals and all forms of electronic media map out accessible-seeming paths to the top. Despite these inspirational tales of triumph, rare is the life saga without its hardships. When we consider the proud autobiographies of chief executive officers such as *Mean Business* by Al Dunlap of Sunbeam and *Odyssey* by John Sculley of Apple, we are reminded of the fleeting nature of fame. No sooner had these books been shipped to the bookstores than the debris that caused the ultimate career derailment of each of these leaders began to surface.

Great leaders are not protected by their renown once they reach the top. Despite their great vaults of resources they become vulnerable because they are seen as having painted a bull's-eye target on themselves while becoming more careless, and even reckless. This theme of caution at times of triumph appeared prominently in the great Kinks ballad "Celluloid Heroes":

Everybody's a dreamer, everybody's a star,
Everybody's in showbiz, it doesn't matter who you are.
For those who are successful, be always on your guard,
For success walks hand in hand with failure along Hollywood Boulevard.

Perhaps it is possible to reverse this admonition. Not only is success coupled with failure, but also perhaps career failure can actually enhance career success.

Can Failure Breed Success?

Going back in history, one of the great icons of the success myth, Horatio Alger, was, in fact, a victim of great career disappointment himself. Alger's name has long been synonymous with the epitome of business success, but his life and work are largely a social invention.

The rags-to-riches formula that ran through his stories was heavily drawn from such original authors as Charles Dickens, Herman Melville, Mark Twain, and Benjamin Franklin. The stories profiled poor children who attained moderate success, but not great wealth. Alger himself was a fugitive former preacher who died in poverty, regarding himself as a failed writer. The success aura posthumously attached to his name was actually the creation of a crafty magazine editor who fed a nation at war, an image of a triumphant author who profiled success in others (Sharhost & Bales, 1985).

A core value—one that differentiates the false folklore of unbroken success from the genuine qualities of folk heroes across nations and over the ages—has been the theme of resilience from failure. The anthropologist Joseph Campbell (1949) has provided us with the building blocks of robust oral and written stories of folk heroism. Whether it is Moses, Jesus, Mohammed, Buddha, Odysseus, Aeneas, Chuchulain, or Tezcatlipoca, the great folk heroes were often of humble origin. They possessed inspiring visions that symbolized the dreams and aspirations of their people, and then, after a chain of successes, they overcame devastating setbacks.

More recently, Howard Gardener's (1990) study of great historic figures, *Extraordinary Minds*, similarly identified a set of common qualities that described these "influencers." Gardener did not believe that core intelligence, lucky breaks, or even an untiring spirit were the characteristics that made a difference. Instead, he posited that the great figures he chronicled possessed a candid appraisal of their own strengths and weaknesses, were effective at keen analysis of unique situations, and mastered the capacity to re-

frame past setbacks into future successes. The crushing nature of defeat did not deflate them but rather energized them to reengage with even greater gusto. In addition, it was not the magnitude of the setback that set these people apart. It was how brilliantly they managed to construe their losses.

Thus the “comeback kid” imagery is hardly restricted to sports and politics. Overcoming adversity is a fundamental aspect of transformational leadership. The recovery from life’s challenges helps to build the near-superhuman, larger-than-life aura that is so critical to the heroic identity (Sonnenfeld, 1988). Many contemporary business leaders, such as Robert Pittman, president of AOL/Time Warner, Bernard Marcus, founder of huge home-improvement retailer Home Depot, Steve Jobs, founder of Apple Computer, and business media mogul Michael Bloomberg, are great enterprise builders who were only momentarily traumatized when forced from major leadership positions before rebounding.

Pittman was pushed out of Time Warner in 1994, having previously cofounded the MTV music channel and led Warner Ventures into taking over Six Flags Amusement Parks. He went on to top jobs at Century 21 and AOL only to return in 2001 as president of the combined AOL/Time Warner media colossus.

Marcus was fired as chief executive officer of Handy Dan’s Home Improvement in a fashion he felt was intended to maximize public humiliation. Bloomberg was fired from Salomon Brothers, the only employer he ever had, before promptly launching what became a sprawling media empire (Bloomberg, 1997; Lowry, 2001). At age 32, Steve Jobs was forced out of the firm he had created when he was 21. He founded a new enterprise that was bought by Apple, ultimately returning him to his old throne (Pollack, 1997).

Years earlier, we might have turned to such far-ranging business leaders as Ross Perot, Edward Land, Henry Ford, and Thomas Edison to similarly remind us of the catalyzing force of failure. Ross Perot took a great loss in 1974 when the two Wall Street investment houses he owned collapsed.

Both of Henry Ford’s first two automobile manufacturers, the Detroit Automobile Company in 1899 and the Henry Ford Motor Company in 1901, were market and financial failures. Polaroid founder Edward Land once told me how bitterly he had to fight

when he was twice outmaneuvered and almost crushed by infringements from Kodak. Even the brilliant wizard Thomas Edison had been profoundly outmaneuvered by tycoon Jay Gould. Edison lost the rights for substantial telegraphic inventions. Subsequent business history, however, shows that such failures were empowering rather than paralyzing events in the lives of these storied leaders.

Why Leveraging Failure Remains a Mystery

Thus it would seem strange that the intricacies of failure are not studied with the same intensity as is the siren of success. The closest brush with failure that appears in popular and scholarly literatures is through insights on avoidance. For example, the classic psychological study of longitudinal career success by Douglas Bray, Richard Campbell, and Donald Grant (1974)—*Formative Years in Business*—revealed the importance of a good early start. With initial supportive supervision and appropriate early assignments, a self-fulfilling success syndrome could build up momentum where good positions are followed by more good positions.

Failure can curtail such momentum. A dozen years ago, the Center for Creative Leadership pioneered this important field by looking at fast-track managers who stayed on track versus those who lost their trajectory with greatness.

Despite the wisdom of learning from lessons of honest history that historians and philosophers from Santayana onward intone, even historians often approach the collective wisdom as guidelines to avoid political or diplomatic failure rather than the means of recovering from a bad call or a devastating fall. We often look at the factors that led to a national leader's defeat and, at most, shake our heads in amazement at the phoenixlike revivals of leaders such as Richard Nixon, Michael Dukakis, or Bill Clinton. The reasons we do not see a more enthusiastic embrace of failure are tenfold:

1. *Our society so worships success that we are afraid of associating with a possible contagion of failure.* Unless we look successful, people may have to distance themselves from us.

2. *The self-esteem cost of failure is so painful our whole identity can be imperiled by even acknowledging defeat* (Matheny & Cupp, 1983). A lifetime of personal dreams and the aspirations of others in your

life may seem to have ended. People feel lost with no career road map; a sense of anomie or a directionless and powerless type of depression can set in.

3. *The victims of defeat are angry with themselves and ashamed.* They may feel liable for the losses to those in their family and those coworkers they feel they have let down. They believe, often correctly, that without their business card, they are worthless to others around them. They view their failure as a character flaw and not an injustice in their prior work environment.

4. *The victims of failure often believe that they can disguise their defeat by superficial wordsmithing.* This is the proverbial and always unconvincing, “Resigned to pursue other interests.” They may believe that they can control speculation or that no one else really knows what happened (Freudenberger, 1974). No one is fooled by these pathetic efforts to sweep things under the carpet, to bury the truth, but victims cling to the hope that if they hide under the covers, perhaps the monster will go away. Friends may encourage this by counseling, “Why bring attention to this? Fewer people know than you think.” The reality is, those you fear knowing about the setback will either know or become immediately aware the moment you are a candidate to enter their work environment.

5. *Others around the victim are similarly embarrassed.* Practicing face-saving management techniques (Goffman, 1959), they advise the victim in avoidance practices. Thus with Polonius-like wisdom they recommend, “Move on! Don’t wallow in your misery!” when one attempts to analyze what has happened. Or, “Take a vacation. You need a break from the stress,” when the victim rationally seeks to understand and possibly confront the source of the stress.

6. *People may think they lack sufficient resources to take on the restoration campaign.* Taking on a campaign to prove your valor is not easy. It may require winning over skeptical investors, amassing legal armament, convincing influential political forces, affiliating with credible and cleaner third parties, or having the courage to start over—proving yourself again with little fanfare or infrastructure.

Ironically, those born to wealth or prominence feel this weakness especially keenly. Perhaps not having scraped for crumbs of support before climbing the ladder rung by rung, they do not know where to begin. After Tom Oliver left the presidency of Federal Express quite suddenly, he left Memphis for Atlanta to run a

tiny, floundering technology firm. He soon escaped when Bass PLC called, asking him to take the reins of the Holiday Inn lodging empire. For this reason venture capitalists often seek to invest in those who, in fact, have previously faced failure.

7. *The lack of knowledge about recovering from failure creates a circle of ignorance.* People do not know how to confront failure so they just try to hide from it. “With no guides to follow why experiment with my life? What if challenging defeat doesn’t work? Perhaps I’ll just exacerbate the damage.”

8. *The double-edged sword of celebrity may create liability out of a former asset.* The more career successes someone has and the more prominent someone becomes in their profession or industry, the better known their setback will be. Thus fame can morph into infamy. This abrupt transition often hits accomplished people quite hard. Literary scholar Leo Braudy wrote in *The Frenzy of Renown* (1986) that many people either seek or endure public recognition in the belief that fame will liberate them from the shackles of conventionality and the dangers of powerlessness. This is akin to what has been labeled by psychologists as *idiosyncrasy credits* (Hollander, 1964). There may be a cushion of material comfort in being a celebrity, but the fall from great heights is only more painful and the recovery more complicated than the smaller-scale disasters of lesser-known lives.

9. *Elevation and celebrity, however, is never guaranteed to be permanent.* The vulnerable nature of leadership reputations creates barriers. When catastrophic career setbacks attack superachievers, known most for their enormous success, we now see them as failing in a public spotlight. They have lived very public lives and now confront their personal losses in that spotlight of attention. President Jimmy Carter, widely regarded as the greatest U.S. ex-president, once confided to me, “It is especially hard starting over when you’ve been fired. Especially if you’ve been fired by the public.”

10. *High-profile successful people are often used to believing themselves self-reliant in sharing their advice and resources with others.* They don’t like the uncomfortable position of being on the receiving end. Rather than feeling it is now payback time, they often believe that seeking or accepting advice, credibility, and finances from other parties makes them look and feel even weaker. Relying more on the generosity of others, they need to shift from familiar power bases

like formal authority, coercion, and resource control to those based more upon referent power or identification with the suffering and obligation or friendship.

The Tasks for Recovery

The path for recovery is rarely a rapid one but is often far more achievable than is believed. The first step must be some sort of working analysis of the situation. The second step involves decisive actions whereby the victim regains a sense of mastery over life and career. Both these steps have several components. The initial goal should be to gain an accurate assessment of current strengths and weaknesses as well as an accurate assessment of the opportunities. The ultimate goal should be to recast the leader's image as back in charge.

Am I to Blame?

Too often when this is attempted, the victim becomes confused between situational attribution (it's all their fault) and dispositional attribution (it's all my fault) (Jones & Nisbett, 1971). Too much of either risks vilifying innocent parties, shielding the career victim from an accurate awareness of personal complicity, or blaming the victim. The reality may well be a mix of the two perspectives. At the same time, there actually are such entities as innocent victims and genuine villains and a balanced perspective—putting blame on both houses—is not necessarily accurate. Both dispositional and situational filters must be used to thoroughly understand the failure event even though a balanced sharing of culpability is inappropriate.

These dispositional questions—which must be considered—have to do with how the victim possibly contributed to this failure:

Did you accurately assess your talents or were you over your head in competence, experience, or necessary relationships? Early career leaders often seek the celebrity and power or “bright lights and trumpets” before they are ready. Often in fast-growing enterprises people find that their skill sets were not growing with their job demands. After mergers, ambiguity in roles and job requirements is common. Did you possess the cross-functional competence needed for a new managerial position? After becoming chief executive officer of

Coca-Cola following the death of legendary Roberto Goizueta, the financially brilliant Douglas Ivester was unable to appreciate complex global realities requiring new sensitivities to local issues and appreciation of diversity challenges and domestic bottler problems, and was removed from office.

Was your leadership style an issue? Sometimes people can exhibit what to others may look like impatience, lack of responsiveness, impulsive responses, defensive posturing, destructive hoarding and turf protection, arrogant exercises of power, ego-driven decisions, and personal pampering and grandiosity. Was constructive confrontation not well handled in situations of high conflict? Could well-placed humor or more careful listening have made a difference? Recent chief executive officers of Kellogg and Procter & Gamble have been removed from office, in part due to the accusations of high-handed, abrasive tactics.

Was your character ever an issue? Has your integrity or reliability ever been questioned by others and insufficiently resolved? Are you considered trustworthy and reliable? Are you seen as impartial and open-minded by all? Is your basic business judgment and street savvy respected? Al Dunlap has recently been indicted along with his outside auditors on misrepresentations in revenue recognition. Similarly, accusations presently surround the past leaders of CUC/Cendant and McKesson/HBOC in the aftermath of troubled mergers. No career recovery is possible until society believes accountability and justice have been served. By contrast, convicted of securities crimes, financier Michael Milken is back in action. He may still dispute the fairness of the charges against him, but after a \$1 billion fine, two years in prison, and a lifetime ban from returning to the securities business, he is a thriving, respected, and popular entrepreneur in new technologies and education as well as a generous philanthropist.

Have you stayed on top of your firm's strategic mission? Do you understand the changing nature of your business and your industry? Is the mission correct and current? Twenty-five years ago, the visionary founder of Polaroid, Edwin Land, was informed that his prize project, an instant motion-picture system he called Polavision, was doomed by the emergence of home video. He berated the financial analysts and his own staff, insisting on his own correctness and crying out, "The bottom line is in heaven." Soon thereafter his board removed him from office.

Have you become entangled in the technological ball and chain? Lately, leaders have become enamored with information technology advances that may create electronic sinkholes. Bosses can become too insular, detached from social contact, micromanaging, and overwhelmed by data overload. Recently, even technology titan and Intel co-founder Gordon Moore exclaimed that his biggest technology barrier was getting through the avalanche of personal e-mail he receives every day.

Are you unable to leave the shop floor behind? Sadly, the present generation of workplace leaders is failing as community leaders. Political scientist Robert Putnam points out in *Bowling Alone* (2000) that involvement in civic groups has shrunk 50 percent in one generation. In my own surveys of chief executive officers, I have found that 84 percent spend two hours a week or more in recreation but only 32 percent spend that much time in civic organizations and only 4 percent spend that much time in political activities. Valuable perspectives on changing interests and competing needs in our diverse society are being lost on some of our leaders. As a result, many have lost the access to critical friendships for moral grounding, objective advice, and external influence networks.

Have your defensive filters kicked in? Have you started to believe only your flattering press clips? No one ever told Alexander of Macedonia that he was Alexander the Great until he so labeled himself. He then started to believe this fiction and invented a royal lineage tracing his ancestry to Achilles to further burnish his image. Grandiosity has destroyed many promising leaders. They can become intoxicated with the trappings of office and the vanity of a heroic identity.

Does your family understand what happened? Is your family a strong support system for you? How has your setback affected them? Are they concerned about your sense of loss? Have you communicated well with them and listened? What have they lost in terms of prestige and security? Are they interested in joining you in battle (and able to do so)? Do they pay too a high price for your personal campaign?

How has the trauma of the failure affected you? Do you seem more anxious? Does your intensity frighten people? What do you do to release the strain? How does the threat of external scrutiny and judgment feel? Are you able to withstand the career and financial uncertainty? How do you explain yourself to friends and family?

Do you have friends or professionals to turn to for needed advice and counsel? How sturdy is your physical health? What do you lose sleep over? How is your temperament?

What do you want to do with the remainder of your career? Do you want to reclaim what you lost or build something entirely different? Will you be able to recapture lost career momentum on the same track? Is there anything liberating for you from this setback given the timing, your life circumstances, and your present interests? Is this the right time for a career switch? These sorts of dispositional appraisals are critical because failure often hits successful people when their very success blinds them from needed remedial work. No one can learn without feedback from the surroundings.

Successful leaders often feel too busy for reflection and, as action-oriented people, are rarely the reflective type. Furthermore, a leader's success record often intimidates people from raising necessary challenges feeling that they themselves are of "mere dust and ashes" by comparison. Finally, the leader's imposing style may lead some intended messengers to conclude that those who carry bad tidings will be shot.

Are THEY to Blame?

When we turn to situational analysis, it is important to consider the many aspects of the external and internal work setting.

First, the culture-strategy-style fit must be reviewed. It is possible that a utility was not as well suited to your skills as an ad agency or a biotech firm would have been. The failure may have been one of selecting the wrong workplace for your interests. For example, elsewhere I refer to "Baseball Teams" (cultures that value novelty and invention and heavily recruit outside star talent); "Academies" (cultures that prefer to develop new ideas from within, offering consistency rather than first-mover advantages and internal functional career pipelines); "Clubs" (cultures offering reliability and slower, generalist careers); and "Fortresses" (cultures in distress requiring a survival ethic and trouble shooting skills such as cold, cross-functional analytic decision making) (Sonnenfeld, 1988).

It is unlikely that the same individual would flourish equally well in such diverse cultures. Often a superstar performer in one culture may seem too glitzy, too pushy, too sluggish, too cold, too analytical, too touchy-feely in another. Different cultures have dif-

ferent assumptions, values, time frames, theories of justice, norms of communication, styles of conflict resolution, and appearances. I've also indicated that different qualities of charismatic leadership such as personal dynamism, recognition, setting a credible example, and establishing high expectations matter more in some cultures than others (Sonnenfeld, 1989; Sonnenfeld & Peiperl, 1988).

Another appraisal must be done on the governance system—who was in charge and who had voice over what matters? Could you trust your boss? Were you set up to take the blame for someone else's bad decisions? Where could you go for grievances if you felt that you were not being treated fairly and seek an appeal?

Are any of these mechanisms available to you now? Are you exposed to your board of directors? How comfortable are they with management's performance? How knowledgeable are they? How independent are they from management? Is the information they get heavily filtered? Who are the key decision makers on the board? Do they invest the proper time to know what is really going on? Is there a clear succession plan? Does the board care about your situation? How can you get their attention? Do you have the resources to get your voice heard through internal channels, litigation, or the media if necessary?

A third type of situational assessment looks at the stakeholder profile. Were other interests on the outside likely to have pressured the firm about you? Were internal or external political interests threatened by you? Were individual rivalries in play? Who is involved in the success of the enterprise? Who has what views on the larger strategic context? How do their interests vary? Who is plugged in and in a position to help you explain what has taken place or lobby on your behalf? What power bases did you have (such as relationships, knowledge, seniority, formal authority) versus any antagonists? Who has what resources? Will the media or key industry sources understand and believe your version of events?

A fourth type of situational assessment has to do with the work system. How do subunits in the enterprise fit together? Were some groups just designed to be in conflict? Was dysfunctional stress apparent? Were you with a losing division from the start? Did they plan to spin your unit off, harvest it, or shut it down?

A fifth type of situational assessment has to do with the reward process. Were you fairly and accurately measured? Were the proper issues tracked over the right time frame? Who handles your

performance appraisal? Are they objective and knowledgeable? What sorts of behaviors and time frame were encouraged by the incentive system? Were you put in an uncomfortable position relative to competitors or colleagues given the objectives set for your business?

A sixth type of situational assessment has to do with the career system. Closely related to the culture issues, was your time frame for advancement consistent with the norms in your culture? Were you given the training and tools to do your job well? Was there a destructive or unfair contest created in the tournament for promotions? Are outside hires evaluated skeptically or given too much credit as potential saviors?

From Analysis to Action

Having taken stock of yourself personally and of your situation in general, it is important to develop a recovery plan and act on it. Some victims of failure can get so involved in assigning blame or second-guessing past decisions that they do not climb out of their career quicksand. What do you want to accomplish? What resources do you have at your disposal? What is your likely time frame? What are the consequences now if you do not succeed? The ultimate objective must involve the following steps:

1. Acknowledging and redirecting the stress
2. Showing concern for collateral victims of your setback
3. Restoring your image by rebuilding your stature
4. Regaining your trust and credibility
5. Clearing your past by charting a new future

Redirecting Stress

Looking first at redirecting the stress, we have long known that job loss is one of the most stressful events in life (Holmes & Rahe, 1967). Similarly, the losses of title and role clarity are highly destructive workplace stressors (Cooper, 1983; Cooper & Payne, 1988). Instead of taking the often-prescribed vacation from the stress to clear your head, it is generally preferable to remove the source of the stress. Thus instead of acquiescing powerlessly to the adversity by going into retreat mode, figure out a strong approach and go into attack mode (Schuler, 1981). Research on psychological hardiness

indicates that to triumph over stress, people must regain a sense of control and be willing to take radical approaches (Kobassa, 1979).

Hence we see the powerful example of Henry Silverman, chief executive officer of Cendant. Following a dazzling career as a Wall Street high-flier, the merger of his original firm, HFC, into CUC resulted in the dramatic unraveling of his service empire and a tragic loss of wealth and reputation. He acknowledged the heavy toll of the stress, sought counseling, reduced his exposure to critical stakeholders, protected his family, became a health enthusiast, and—most important—began a major litigation effort with government investigators against his merger partners and auditors to prove that he and his shareholders were deceived (Barett, 2000; Colarusso, 2001).

Reducing Collateral Damage

The next action, showing concern for the collateral victims, reminds us that resilient leaders draw heavily on their support system—friends, family, and coworkers—and these people’s own resources must be respected and appreciated. One career victim who got caught in an accounting firm’s power struggle realized that people were avoiding him over time because each time he saw an old friend who inquired how he was, he answered in far more detail than anyone cared to hear.

In addition, innocent friends and coworkers sometimes take stray bullets intended for the target victim. When Barnard Marcus was fired from Handy Dan’s Home Improvement Stores by the infamously tough turnaround manager Sandy Sigoloff, Marcus believed that his two lieutenants were also fired through guilt of association. He took them both along as co-founders of Home Depot, where they became billionaires with their 1,000-store chain of 160,000 employees and \$60 billion in sales. At the time of the initial firings, their financial backer Ken Langone exclaimed, “This is the greatest news I have heard. You have just been kicked in the ass with a golden horseshoe” (Marcus & Blank, 1999, p. 37). He could not have been more prophetic.

Rebuilding Reputation

The third task is to rebuild your stature by communicating the true nature of the adversity (Scott & Lyman, 1968; Fombrun & Shanley,

1990; Elsbach & Sutton, 1992). Reputations are a crucial corporate and personal asset, painstakingly built through experience, performance, and affiliations. When a reputation is attacked, it is essential to establish a credible denial of culpability if it can be done truthfully—or a prompt apology if otherwise—along with clear redirection of responsibility for the mishap (Benoit, 1997; Staw, McKenchnie, & Puffer, 1983). That is, you want to tell just what the real story is if you are clean. You also want to reduce the apparent severity of the nature of the act (as Michael Milken sought to put his questioned transactions in the light of prevailing industry practices rather than the consequences to ultimate victims), convey the appearance of reasonable behavior (could we see ourselves in your spot), and present understandable but unpalatable motives for your adversaries' behavior (greed, rivalry, bigotry, and the like).

When Leonard Roberts was fired as chief executive officer of Shoney's restaurants, many viewed the termination as a political revolt of the old guard against Roberts's style (Romeo, 1993). However, when the *Wall Street Journal* carried a searing piece indicating that Roberts was too vigilantly policing a new affirmative action program just weeks after Shoney's settled a huge racial discrimination suit, people saw things differently. The paper quoted founder and former chief executive officer Raymond Danner as complaining, "too many niggers here. If you don't fire them, I'll fire you" (Pulley, 1992).

While some recruiters thought Roberts's experience at Shoney's made him too controversial, the chief executive officer of Tandy RadioShack saw great potential in Roberts as his successor (Palmeri, 1998). At RadioShack, Roberts led a triumphant repositioning of the firm and a stunning 18 percent annual growth rate (Grant, 2001).

Reestablishing Credibility

The fourth critical task is to regain trust and credibility. Often this means proving your heroic mettle all over again. Do people still believe that you have the right stuff? Even some of your trusted supporters may wonder if you have been worn down by the career injustice or setback. The flamboyant real estate tycoon Donald Trump had no shortage of detractors in good times. By his 20s, he was already considered New York's premier developer (Morrison,

2001). His name had been splashed garishly across many of his enormous creations. Nonetheless, caught in a real estate cash crush in 1990, he saw the bankers once eager to lend him money now eager to get it all back (Rutenberg, 1996). He personally took control of the difficult retrenchment, as described in his book *The Art of the Comeback*. By 1997 his net worth returned to \$3.5 billion with booming properties (Tomkins, 1994; Blair, 2001).

Start Again

Finally, the fifth task needed for recovery is to clear the past and chart a new future. As the 1960s Frank Sinatra anthem “That’s Life” proclaimed:

That’s life. And as crazy as it seems,
Some people get their kicks riding on dreams.
You’re riding high in April, shot down in May.
Each time I find myself falling I fall flat on my face,
I just pick myself up and get back in the race.

This often means launching a new heroic mission or discovering a fresh new calling. Steve Jobs was fired as chief executive officer of Apple in 1985, eight years after he founded the company and five years after it went public (Carlton, 1997). Angered and hurt, he regathered his ample resources and launched Next Computer with five devotees from Apple. Their product, NeXTStep Cube, flopped—but their operating system sold. Ironically, Apple bought it for \$425 million 11 years later. A year after that, he was back at Apple as chief executive officer, promoting exciting lines of new products.

Failure as the Missing Ingredient in Success

Leadership books flaunt titles featuring everyone from the *Star Wars* characters to Attila the Hun and the many bromides from successful sports figures (Sonnenfeld, 1998). When the TV shows fade, scholarly revisions show unknown weaknesses in historic figures, or the sports figures slip up, the titles disappear from bookshelves. Transformational leadership is enhanced though adversity, but our writings and teachings underplay this.

A best-selling Harvard case study of the visionary transformational airline entrepreneur Don Burr all but disappeared when his pioneering airline was forced to sell out in distress. It had made one or two bad calls affecting finances, postmerger operating challenges, and technologies, and had had to deal with changing consumer preferences and some tough moves from competitors that made for an unwieldy mix. The lessons of this great social experiment are all the more valuable not because we do not know what led to unchallenged success but because the limits of the system were tested. I found it nearly impossible to teach the great Ibsen play “Enemy of the People” to success-oriented MBA students because the heroic protagonist of the tale failed in that his neighbors forced him out of town. The lessons of recovery are hard to locate because of our discomfort in looking into failure.

The experience of failure reminds us of our human vulnerabilities and our vital interdependencies. The humbling nature of career adversity genuinely builds character. The more pervasive the public humiliation, the more battle-tested a leader becomes. Overcoming adversity teaches us to cherish our reputations, value our friends, hone our communication skills, and learn empathy for the many sufferers of injustice that surround us. As Nietzsche said, “What does not kill me, makes me stronger.” While few resilient leaders care to relive their setbacks or continue to grieve over old losses, they are quick to spot a fellow sufferer and offer a hand to another who has slipped into career quicksand. It’s good to know the lessons of failure are not lost to all.

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