CEO bloodbath is a warning for leaders to screen new employers

The past few years have seen arguably the biggest exodus and purge of leaders from the country's top companies and SOEs in recent history, with more heads expected to roll in future. Some are justifiably walking the plank, due to egregious performance in one way or another. Others have become the 'fall-guy' for unhappy shareholders, or are departing voluntarily after recognising the ship they are captaining is un-steerable.

Beyond the clear crisis playing out in SA boardrooms, this development also underscores the need for senior leaders being offered plum positions to first do their own due diligence on a company and role, as failure to do so can lead to unforeseen and sometimes undeserved reputational harm, an expert warns.

“Over the past year or two, we have seen a greater than usual number of CEO exits, with some top leaders voluntarily stepping down from public and private organisations, as their inability to reconcile their mission with the on-the-ground realities of a position became clear,” says Debbie Goodman-Bhyat, leadership strategist and founder of Jack Hammer, an African executive search firm which recently expanded its footprint to the USA.

She says although circumstances across the various incidences differed, there was one clear lesson that emerged: the need for senior and chief executives to do more due diligence of their own prior to joining new organisations.

Insurmountable odds can impact success

“The environment has changed dramatically, and even the most enthusiastic and able of leaders have had to contend with insurmountable externalities that may impact their ability to be successful in their roles,” says Goodman-Bhyat.

“Consider when many of the recently departed CEOs joined their new organisations. Each one of them were celebrated and hailed as champions at the time of their appointment. So confident and optimistic was SAA’s Vuyani Jarana when he embarked on the embattled national carrier’s turnaround strategy, that he famously made a bet to donate R100,000 to charity should he not succeed with his three-year plan.

“Yet here we are, not even two years later, and Jarana is leaving the building, reportedly because of a lack of support, slow decision-making, and blurred lines of accountability.”

Goodman-Bhyat says senior leaders should carefully scrutinise and evaluate the teams they will be joining, and do a pre-emptive assessment of their likelihood of success before accepting an offer, no matter how sweet.

Accountability

“Keep in mind that there are three key stakeholders at the helm of leading any sizeable organisation: the Board, tasked with governance, oversight and key decisions such as the appointment of the CEO and other board members; the shareholders, who hold the board accountable for their decisions; and the CEO. Healthy tension and relative independence among these three parties are critical for ensuring the sustainable growth of an organisation.

“But senior leaders, and in particular CEOs, must remember that while the CEO is accountable to the board, and the board is accountable to shareholders, things quickly fall apart when the fortunes of a company are in the doldrums, and the sword of accountability may fall, sometimes unfairly, only on the big boss and perhaps a lieutenant or two.”

What CEOs and senior leaders of large companies should realise when considering a new position, is that this kind of shareholder and board pressure is a pretty standard response to poor performance.

“You may be good enough, and on top of your career with a track record of stellar proportions like many of the recently departed chiefs. But in today’s environment, it can be fatal to assume that you can walk into a new organisation and simply replicate that success. You need to be clear on the variables that may hamstring you in future, understand what you are walking into, and who will be there once you arrive,” says Goodman-Bhyat.

Senior leaders must accept the accountability and scrutiny that come with their roles, as well as reconcile the fact that when the chips fall, it is their own reputations on the line regardless of the circumstances. No use crying over spilt milk if you haven’t checked whether the cap is loose.

Due diligence goes both ways

“In the current executive recruitment landscape, it is taken for granted that employers will conduct a fully comprehensive due diligence on prospective employees - with rigorous screening, interviews, checking of references and psychometric assessments being par for the course. Prospective appointees rarely do the same, and beyond taking a peek at the balance sheet, there is very limited reciprocal screening of the new employer. This should change, in order that leaders walk into new roles with their eyes wide open.”

Leading SA’s top companies and parastatals has become an almost Sisyphean endeavour, Goodman-Bhyat notes.

“This means that getting down to business is a huge challenge, and as we have seen with many of these companies, close to impossible, as leaders need to juggle and balance constraints related to a tanking economy, an indecipherable policy environment, and endless red tape which neither adds value nor stems corruption. So for those fearless leaders who have shown they can, and who are up for new challenges, we want to say go for it, but proceed with clarity on what awaits, and with extreme caution."