

THE ART OF FIGHTING BACK – DISSERTATION ON
BUSINESS LEADERS' S COMEBACKS AFTER A CAREER
SETBACK

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Project submitted as partial requirement for the conferral of
Master of Science in Business Administration

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May 2010

Abstract

This master thesis dissertation aims to discuss and arrive to conclusions regarding the way business leaders fight back after a career setback. The work takes the form of a critical view correlating business leader's comebacks, after a career setback, and the concept of leadership.

In the first chapter are presented and discussed the most consensual and updated leadership types/styles and the new trends in the leadership field. Subsequently, are addressed some myths associated with the concept of leadership – in this section, the concepts of Emotional Intelligence and Social Intelligence are discussed.

In the second chapter, is presented the data and the outputs that resulted from the interviews made to three Portuguese business leaders. The interviews were made in order to gather and analyze information, finding out what are the common aspects of a career setback and of a fighting back process, and to understand and draw conclusions regarding how the Portuguese market and business environment reacts to leaders that are hit by failure. Next, are discussed the three phases of the fighting back process. The shock phase, the retreat and reaction phase, and the comeback phase.

At the end, in the third chapter, a conclusion is taken regarding the achievability of a leader to overcome the ultimate challenge that is to transform failure into success.

- Four Key Words: Leadership, Professional Career Setback, Reaction to Failure, Returning to Professional Success.
- Jel Classification System:
 - J2 Demand and Supply of Labor
 - J24 Human Capital; Skills; Occupational Choice; Labor Productivity

Abstracto

A presente dissertação de tese de mestrado tem como objectivo discutir e chegar a conclusões relativamente ao modo como líderes de negócios reagem depois de passarem pelo fracasso nas suas carreiras profissionais. A dissertação toma a forma de uma visão crítica que correlaciona a recuperação de líderes em situações adversas com o conceito de liderança.

No primeiro capítulo são discutidos os diferentes conceitos e estilos de liderança e as novas tendências no campo da liderança. Subsequentemente, são abordados alguns mitos associados ao conceito de liderança – nesta parte, são discutidos os conceitos de Inteligência Emocional e de Inteligência Social.

No segundo capítulo são apresentados os dados e outputs resultantes das entrevistas realizadas a três líderes de negócios portugueses. As entrevistas foram realizadas com o objectivo de recolher e analisar informação de modo a determinar quais os aspectos comuns aos processos de adversidade e aos processos de recuperação ao nível da carreira profissional, bem como compreender e retirar conclusões acerca de como o mercado português e o ambiente de negócios reagem a líderes que são atingidos pela adversidade e pelo fracasso. Seguidamente, são discutidas as três fases constituintes do processo de recuperação dos líderes: a fase do choque, a fase da retirada e reacção, e a fase do regresso.

No final, no terceiro capítulo, são retiradas conclusões acerca da possibilidade de um líder ultrapassar o desafio derradeiro que é a capacidade de transformar o fracasso em sucesso.

- Quatro Palavras-chave: Liderança, Contrariedades na Carreira Profissional, Reacção ao Fracasso, Regresso ao Sucesso Profissional.
- Jel Classification System:
 - J2 Demand and Supply of Labor
 - J24 Human Capital; Skills; Occupational Choice; Labor Productivity

Dedication

I dedicate my master thesis dissertation to my father that always taught me about the meaning of work ethics.

Acknowledgements

I would like to thank Professor António Gomes Mota that supervised and helped me with my dissertation.

I also would like to thanks Dr. Pedro Norton de Matos, Dr. Luís Sítima and Dr. Paulo Simões that demonstrated great kindness and availability to collaborate with me in the dissertation work.

My thanks go also to all MSc. in Business Administration faculty members and administrative staff that taught me and helped me in the life changing event that is completing a master's degree.

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Executive Summary

This master thesis dissertation aims to discuss and arrive to conclusions regarding the way business leaders fight back after a career setback. The work takes the form of a critical view correlating business leader's comebacks, after a career setback, and the concept of leadership.

In the first chapter the different concepts and styles of leadership are discussed. Firstly, the leadership concept origins are traced back to the Classical Era for then arrive to the classical definition of leadership, which understands leadership has the influence that a leader exercises on followers towards the attainment of group objectives. New definitions are presented, by authors that gave a step ahead in complementing, rebuilding and adapting the leadership concept to modern times. In this sense, the pursue of higher values and purposes, such as establishing good relations with stakeholders, are added to the definition scope, transforming leadership in a tool of serving higher goals, than just making money, that would potentiate the profitability of a business while safeguarding and strengthening the business reputation of a leader.

Afterwards, are presented and discussed the most consensual and updated leadership types/styles, in order to understand that a career setback is many times linked with a wrong view and approach of a manager regarding a type/style of leadership. The conclusion is that there is no perfect leadership style and that a leader should not stick to one style only. Several career burnouts happen due to the negative effects of using just one style. Therefore, a leader who wants to optimize his leadership skills and assure a successful career should bet on adopting the different leadership types/styles to different situations.

The flexibility that a leader must have by adopting different styles is also demanded while leading in a global context through the development of cross-cultural leadership skills. It is concluded that the position of leader that works in a worldwide context, like being a country manager in a multinational company, is a very demanding job and failure is less tolerable.

Subsequently, are addressed some myths associated to the concept of leadership, namely the ones which present leaders has omnipotent super heroes, and the myth which advocate that leaders are only seen at the top of an organization. In this section, the concepts of Emotional Intelligence and Social Intelligence are presented as highly significant to the performance of a leader, in opposition to the common misconceptions associated with the overrated importance of IQ.

In the second chapter, is presented the data and the outputs that resulted from the interviews made to three Portuguese business leaders. The interviews were made in order to gather and analyze information, finding out what are the common aspects of a career setback and of a fighting back process, and to understand and draw conclusions regarding how the Portuguese market and business environment reacts to leaders that are hit by failure.

Next, it's discussed the three phases of the fighting back process. The shock phase, and its unpredictable nature, the aftermath feelings, the different reactions to the shock (both, regarding the person affected and the people around him/her) and the distinct impact that has on high profile business leaders. In the retreat and reaction phase it is firstly discussed the importance of answering the primary question (if the fight for coming back has more benefits than costs), the importance of taking control of the situation and the importance of managing several elements along the process – in which elements like networking, reputation, corporate culture, learning and change capacity, self-confidence, resilience and ambition have a major importance. In the comeback phase, are discussed the several kinds of paths that a leader follows after a career setback, the importance of certain players – namely executive search companies – in the comeback process, and the value of achieving a balance between life and work.

At the end a conclusion is taken regarding the achievability of a leader to defy the ultimate challenge that is to transform failure into success.

1- The Concept and Styles of Leadership

a) Concept Definition across History

- Introduction, Classic Definitions and the Modern Concept of Leadership

The leadership phenomenon is almost as old as history itself and it is observed in nature, in all kind of species, from the ants to the lions.

Among the ancestors of man, in prehistoric ages, leaders were born, leaders led hunting activities, leaders bred – and leaders survived.

Nonetheless, it was mainly in the Classical Era that the concept of leadership, as we know today, was firstly developed and studied. In Ancient Greece and Ancient Rome famous leaders fell and leaders thrived: Pericles, Alexander the Great, Julius Cesar or his adopted son Octavius Augustus, just to name a few. The qualities required and admired of a leader from that time were very much the same like the qualities admired nowadays, such as astuteness, energy, decision-making ability in stressful situations or foresight ability¹.

However the world is different today. In our age everything happens much faster than ever before, due to the spread of innovation in global interconnected economies – a successful leader today can be a big loser tomorrow. We live in a context of a fast-changing world of business – unpredictability is the name of the game.

In this sense, several leadership scholars defined leadership in many ways. Here I present two definitions of leadership, made by two major scholars, which cover the main aspects of the classical concept: *“Leadership is the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the*

¹ *“A general...should be astute, energetic, prudent, inflexible and fast in taking the decisions...”* by Xenophon in page 20; and *“Dedication to our work, decision-making ability in dangerous situations, energy in action, quickness in performance, good judgment in predictions”* by Cicero in page 25 of Figueira, J.T., R.H. Sternberg and T.C. Brennam (2008) *As Lições de Gestão dos Clássicos* (original title: *“Wisdom from the Ancients”*), Casa das Letras, Cruz Quebrada, 9-42.

(groups) of which they are members.”, by Robert House (2004)²; and Gary Yukl (2002) in the book “*Leadership and Organizations*” states that definitions of leadership “reflect the assumption that it involves a process whereby intentional influence is exerted by one person over other people to guide, structure, facilitate activities and relationships in a group or organization.”³.

The common element that is present in the classic definitions of leadership is the influence that a leader exercises on followers towards the attainment of group objectives⁴.

More recently, some authors gave a step ahead in complementing, rebuilding and adapting the leadership concept to modern times.

Kevin Blanchard (2007) defines leadership as “...*the ability of influencing others, by freeing the power and potential of individuals and organizations to achieve a higher good.*”⁵. In the context of an economic and financial crisis built in the basis of many known case studies of greed and corruption, Blanchard definition becomes very meaningful because of the business ethics behind the notion of leadership at a higher level. Blanchard (2007) defends that making money should not be the ultimate goal of a company⁶ – higher values and purposes such as establishing good relations with the stakeholders should be at the top. In this sense, I believe that a manager which is capable of lead by serving higher goals, than just making money, will eventually increase the profitability of his business and will build a business reputation that will function like a

² Schaffer, B. (2008) Leadership and Motivation, *Encyclopedia Britannica*, February, <http://www.britannica.com/bps/additionalcontent/18/28748955/leadership-and-motivation> . And page 20 of Pina e Cunha, M. and A. Rego (2005), *Liderar*, Dom Quixote, Lisbon, 13-45.

³ Allen, J.S. (2007), The Elusive Nature of Leadership, <http://blogcritics.org/culture/article/the-elusive-nature-of-leadership/> . And page 21 of Pina e Cunha, M. and A. Rego (2005), *Liderar*, Dom Quixote, Lisbon, 13-45.

⁴ Based on the notes of session 7 of Rivas, R. (2008/2009), Human Resources Management Handouts; ISCTE Business School, Lisbon.

⁵ In Page x and xi of Blanchard, K. (2007) *Um Nível Superior de Liderança* (original title: “*Leading at a higher level. Blanchard on leadership and creating high performing organizations*”), Actual Editora, Lisbon, IX-XV, 1-33 and 231-270.

⁶ “*We understand that making money is not the higher goal of the company*”. In page xiii of Blanchard, K. (2007) *Um Nível Superior de Liderança* (original title: “*Leading at a higher level. Blanchard on leadership and creating high performing organizations*”), Actual Editora, Lisbon, IX-XV, 1-33 and 231-270.

safety net in potential setback career periods, namely in witch-hunt processes were everybody can become a scapegoat.

b) Types/Styles of Leadership and New Trends

- Several Types/Styles of Leadership

Just like in the case of the leadership concept, there are many authors with different points of view about several types and styles of leaders, and the purpose of this thesis is not going through that path. Here, I present the leadership types which I understand as being the most consensual and updated, in order to understand that a career setback is many times linked with a wrong view and approach of a manager regarding a type/style of leadership⁷.

Fons Trompenaars (2004) developed a model with five types of leadership. The abdicated leadership that, as the name suggest, is observable in leaders who have abdicated from their power and influence. The autocratic leadership based on the coercion and force of the leaders, where the followers hold little power (this type of leadership was common until 1970's). The passive-avoidant leadership, where leaders exercise power in a reactive and corrective way – the leader only acts when some problem arises. The transactional leadership (which is still the most commonly observed type) where “*leaders and followers transact and negotiate exchange agreements*”⁸. And the transformational leadership (which became trendy since the 1980's), where the leader

⁷ “«Leadership style is the one variable that has the most impact in what it's like to work for an organization,» says Chris Watkin, director of talent at Hay Group... Good managers can do much to engage and motivate staff to perform at their best, but poor leadership creates an atmosphere that discourages people from bothering to put in much effort at all. At its worst, it can result in people quitting the company or finding ways to sabotage their employer.” In page 1 of Chynoweth, C. (2008), Leadership Styles, *London Times Online*, January, http://www.timesonline.co.uk/tol/life_and_style/career_and_jobs/senior_executive/article3159612.ece .

⁸ Based on the notes of session 7 of Rivas, R. (2008/2009), Human Resources Management Handouts; ISCTE Business School, Lisbon.

act as a coach and a role-model, that helps and inspire the others to put into action their talents.⁹

In a more recent approach, the author Daniel Goleman (2000) and the Hay Group research team that investigated Goleman's work, present six leadership styles.

The first one presented is the direct/coercive style. In this case, the leader orders the employees what to do, and then expect them to do it. This style is appropriate to special situations of task-focused work and to companies going through a turmoil, or change period.

The second one is the authoritative/visionary style. This kind of leader is characterized by being a galvanizer that inspires employees and provides long-term direction and vision¹⁰. This style is appropriate to situations where is necessary to motivate people to achieve a major goal; and it's not effective when the leader have not enough credibility among the employees, and when there is an overuse of the message.

Other style is the affiliative style. The focus of the affiliative leader is creating harmony and consensus among the employees by assuring that they work as a team¹¹. It is less effective in a crisis, when performance focus is demanded and when the employees need to understand the inevitability of dramatic changes at work and not be misguided by a "*wonderful world*" picture where every team member is good and hardworking.

The participative/democratic style is a style where employee's productivity and innovation is gained through commitment and participation. It is appropriated to long-term situations; but is not suitable when fast acting is required.

⁹ Based on the notes in page 7, of session 7 of Rivas, R. (2008/2009), Human Resources Management Handouts; ISCTE Business School, Lisbon. And page 33, 34 and 35 of Pina e Cunha, M. and A. Rego (2005), *Liderar*, Dom Quixote, Lisbon, 13-45.

¹⁰ "*«The visionary style is all about the big picture», says Lubna Heq, a consultant at Hay Group*"; in page 5 of Chynoweth, C. (2008), Leadership Styles, *London Times Online*, January, http://www.timesonline.co.uk/tol/life_and_style/career_and_jobs/senior_executive/article3159612.ece.

¹¹ "*...when trying to get a group of creatives or scientists to overcome individualistic leanings long enough to perform as a group.*" In page 7 of Chynoweth, C. (2008), Leadership Styles, *London Times Online*, January, http://www.timesonline.co.uk/tol/life_and_style/career_and_jobs/senior_executive/article3159612.ece.

The pacesetter style is a leadership style where the leader aims to get things done at a high standard. In this sense, he does the work he believes others are not capable of doing so well. This style is effective in situations where a team respects the leader's work capacity. However, the pacesetter style can be very harmful for the leader, which can enter in an overwork situation, and for the team itself that may suffer from loss of direction and little career development.

Finally, there is the fashionable coaching style that is gaining more and more supporters due to its effectiveness. Like written above, in the case of the transformational leadership, the leader acts as a coach by helping the team members to build and shape their abilities. However, this style is ineffective if the team lacks willingness or confidence when facing the work itself.

Because there is no perfect leadership style, a leader should not stick to one style only. Several career burnouts happen due to the negative effects of using just one style. Therefore, a leader who wants to optimize his leadership skills and assure a successful career should bet on adopting the different leadership styles to different situations¹². An example supporting this statement can be observed when Luís Sítima faced adversity in a crisis context – quoting him: *“In crisis you have to «grab» people and you have to adopt a different leadership style... We had to make several changes. In my case, I had to look to the mirror and say to myself that things changed and the team would have to be led in another way, from a democratic leadership style to a more authoritarian one.”*¹³

- Cross-Cultural Leadership

Nowadays, a businessman who is truly entitled to use the title of “*leader*” is that kind of businessman who is able to lead in a global context.

¹² “... much as the golfer picks the right club for a particular shot.” In page 1 of Chynoweth, C. (2008), Leadership Styles, *London Times Online*, January, http://www.timesonline.co.uk/tol/life_and_style/career_and_jobs/senior_executive/article3159612.ece.

¹³ In page 52 of the annexes.

This new breed of leader that moves across the globe has to be able to deal with the menace of turmoil, instability and very different scenarios, because global business has the main characteristic of being heterogenic.

In the last year, world economy has taken a step back. Financial crisis, credit crunch, high unemployment rates and business leader's downfalls started to appear in the news in a daily basis.

This was the time were many businesses and companies were deeply affected by what was happening in other parts of the globe. Therefore, two types of behaviors were observed among global leaders: some entered in terror; and others fought back.

Those managers who fought back demonstrated a common behavior pattern – they didn't blame the others (namely the most common scapegoats like the emerging countries, the world economy, etc.), instead they tried to grab the opportunities which always exist in crisis contexts¹⁴, even if those opportunities meant radical changes (such as the transformation of a company's business model, in order to satisfy new customer's business needs which often appear in turmoil periods).

However, in a global business context, courage and humbleness necessary to make the desired changes are not enough. The brains behind transnational strategies, business alliances and global transactions are leaders with cross-cultural skills. They have to develop cultural awareness (regarding the cultural orientations of different countries), respect the differences of doing business across the globe, and they have to be able to adapt themselves to the modus operandi of different companies from distinct realities, which require a previous preparation and a proactive networking behavior in order to build the levels of trust¹⁵. In this sense, the truly global manager has to be an outstanding communicator and a diplomat with a holistic view of the global business.

¹⁴ *“When people realize that things are going wrong, there are two questions they can ask:*

1 - «Who did this to us?», or

2 - «What did we do wrong?»

The first question leads to paranoia.

The second question leads to a more constructive line of thinking, e.g., «How do we put it right»”; by Bernard Lewis in page 1, of session 1 of Rivas, R. (2008/2009), Human Resources Management Handouts; ISCTE Business School, Lisbon.

¹⁵ Based on the notes in page 15, of session 4 of Rivas, R. (2008/2009), Human Resources Management Handouts; ISCTE Business School, Lisbon.

To work in a worldwide context, like being a country manager in a multinational company, is a very demanding job and failure is less tolerable. Quoting Paulo Simões “*In the multinational companies is observable less toleration regarding failure... the person responsible for hiring the leader is not so attached to the chosen leader in every perspective. For that reason, when things go wrong, there are no constraints regarding the firing decision.*”¹⁶.

c) The Role of EI vs. IQ in the Leadership Scope

There are many myths associated to the concept of leadership. The most common are the ones which make people believe that leaders are natural born super heroes, that can solve all the problems by themselves; and that leaders are only seen at the top of an organization¹⁷.

Nevertheless, the reality is different – leaders are made of flesh and bone. The people who are called “*leaders*” failed several times before they get there and they are not successful leaders since the day they were born. Even the most paradigmatic cases, that demonstrated early signs of leadership skills, had several career setbacks and had to practice their way to become truly effective leaders. This fact of life leads to the assumption that leadership is more than a set of skills and innate intelligence that comes from the IQ. Leadership can be developed, practiced and trained through the process of working the Emotional Intelligence (EI)¹⁸ and the Social Intelligence¹⁹ of each person.

¹⁶ In page 54 of the annexes.

¹⁷ Based on the notes in page 2, session 7 of Rivas, R. (2008/2009), Human Resources Management Handouts; ISCTE Business School, Lisbon.

¹⁸ “*It is the capacity for recognizing our own feelings and those of others for motivating ourselves, and for managing emotions well in ourselves and in our relationships.*”. In page 317 of Goleman, D. (1998) *Working with Emotional Intelligence*, Bloomsbury Publishing Plc, London.

¹⁹ “*...social intelligence, which we define as a set of interpersonal competencies built on specific neural circuits (and related endocrine systems) that inspire others to be effective.*”. In page 76 of Goleman, D. and R. Boyatzis (2008) Social Intelligence and the Biology of Leadership, *Harvard Business Review*, Volume 86, Number 9, 74-81.

Scholars like Edward L. Thorndike began exploring the social intelligence field (back in the 1920's and 1930's of the XX century), but it were authors like Daniel Goleman and Richard Boyatzis who went deeper in this subject.

Today, qualities related to EI and Social Intelligence are considered more critical to the success of a career than ever before²⁰. Qualities like trust or empathy are no longer considered “*soft skills*” that a leader should have – they are qualities a leader must have. This is so, due to the context of the fast pacing world we live in. The dot-com bubble, the 9/11 and the recent financial crisis created three challenges, where EI performs a critical role: leaders have to deal with leaner organizations where there is no “*second string*” to back them up; blurring organizational structures with their members working across the globe oblige leaders to influence instead of command the work teams; and the increasing complexity and heterogeneity of the workforce demand leaders with the necessary EI to adapt themselves to their subordinates. In brief, the leader profile required for facing turbulence is an ego mature leader profile. In other words, is demanded a leader that doesn't panic or rush into judgment, while retaining empathy with the staff; and a leader that can appreciate the situation complexity and identify the opportunities behind the gloom.

Of course, all the EI skills need practice and experience to be really effective – a manager doesn't become an emotional intelligence person from day to night by going to classroom and learning some concepts. In this sense, companies like PepsiCo, are known to put their managers in demanding positions early in their careers, placing the younger talents out of the comfort zone.

The process of becoming an emotional intelligent person it's not an easy one, but it can be worked out. A modern leader has to develop EI in order to manage all the complexities of the workplace in the better way possible, by building bonds and creating group synergies. Success depends on the characteristics like self-awareness (such as emotional awareness, accurate self-assessment and self-confidence), self-regulation (namely self-control, trustworthiness, conscientiousness, adaptability and innovation),

²⁰ “... Claudio Fernandez-Aráoz found in an analysis of new C-level executives that those who had been hired for their self-discipline, drive and intellect were sometimes later fired for lacking basic social skills.”, In page 76 of Goleman, D. and R. Boyatzis (2008) Social Intelligence and the Biology of Leadership, *Harvard Business Review*, Volume 86, Number 9, 74-81.

motivation (through achievement drive, commitment, initiative and optimism), empathy (by understanding and developing others, by having a service orientation, political awareness and by leveraging diversity) and social skills (by partnering, networking, influencing, building bonds, etc.)²¹.

Emotional Intelligence and Social Intelligence tear down some walls linked with misconceptions regarding the leadership concept and are now major subjects when leaders have to deal with turmoil situations²² – in their organizations and in their own careers.

²¹In page 26 and 27 of Goleman, D. (1998) *Working with Emotional Intelligence*, Bloomsbury Publishing Plc, London.

²² “Social intelligence turns out to be especially important in crisis situations. Consider the experience of workers at a large Canadian provincial health care system that had gone through drastic cutbacks and reorganization...workers whose leaders scored low in social intelligence reported unmet patient-care needs at three times the rate – and emotional exhaustion at four times the rate – of their colleagues who had supportive leaders.”. In page 81 of Goleman, D. and R. Boyatzis (2008) *Social Intelligence and the Biology of Leadership*, *Harvard Business Review*, Volume 86, Number 9, 74-81.

2- Understanding and Analyzing the Fighting Back Process

a) Qualitative Data Analysis regarding the Portuguese Market Behavior to Career Setbacks

The focus of this chapter is to gather and analyze information concerning not only the case of business leaders who had been affected by crisis during their career, but also to understand and draw conclusions regarding how the Portuguese market and business environment reacts to leaders that are hit by failure.

The interviewed people are not supposed to be a representation of the universe of leaders around the world who have been affected by a career burnout, because each case has its own particularities that cannot be properly extrapolated to a heterogenic universe. The small sample chosen comprises experienced Portuguese business leaders, which acquired a deep knowledge about career setbacks at the level of high-ranked leaders (under personal and professional circumstances) and, therefore, gave a valuable contribution to understand the common aspects of the phenomenon.

- Interviewed People

Dr. Pedro Norton de Matos – Partner at My Change and at Gingko, Member of the Advisory Board at Oracle Portugal.

Dr. Luís Sítima – Worldwide Partner at Hay Group.

Dr. Paulo Simões – Partner at Egon Zehnder International.

- Methodology Used

The methodology chosen was face-to-face interviews, using different open-questions, with a common guideline of subjects to be approached, for each one of the interviewed. The main reason why I adopt this methodology was because its major advantage lies in the quality of the data obtained, by offering the possibility of dispelling ambiguity, clarifying doubts and ensuring that the responses were properly understood; and, also the possibility to pick up nonverbal cues from the respondent.

This type of methodology suits better to the deep understanding of small samples like the one of my thesis.

- Interviews Analysis

- Pedro Norton de Matos Interview Analysis

Until the moment of adversity, Pedro Norton de Matos had a typical career path of a successful person. He started his career by gaining experience in the sales area and then he turned to an emerging business area – IT. He had several career progressions while leaving and reentering Unisys. The highest point in Unisys occurred between his 35's / 45's years old when he was head of Unisys Portugal, Iberia and South Europe, and when he had the opportunity to be part of an international task force in which he was the Europe's representative, answering directly to the President of the Corporation.

The next big step in Norton de Matos's career was when he was chosen to lead Oni telecommunications project in an economic shrinkage context were business leaders had to manage carefully the interface between shareholders and other stakeholders. This was a time of intense pressure in a liberalization context were the telecommunication sector was growing. This was also a time were some battles were lost (namely when the Regulator blocked Oniway project). It was in this framework, were professional pressure was always present, that Norton de Matos had a myocardial infarction.

Norton de Matos lived the initial euphoria and the aftermath bubble crash. Quoting him: *“The IT/IS industry was an area in which the impact of change and transformation was felt more strongly and I was in the middle of the volcano during a large period”*²³.

Genetic reasons were the root cause, but the sedentary life, stress, eating badly, jetlag and every aspect of a turbulent CEO’s professional life potentiated and aggravated the problem that took place when he was turning 50 years old.

Norton de Matos felt the infarction as a sign that something in his life was wrong, that he was immersed in some kind of denial believing that working in a high pace without the proper work-life balance would not affect him.

Afterwards he received support, not only from his family and friends, but also from his colleagues and shareholders that tried to motivate him to continue with his work. However he started making plans to make a change in his life. Quoting him: *“I searched for the latest trends regarding the subjects in which I would like to develop a project for then making a synthesis related to area where I would like to spend my energy”*²⁴. In this sense, he started two projects in the human capital field: My Change (related to change at an organizational level) and Gingko (related to change at a personal level). He is also a mentor a co organizer of Green Festival, a sustainability festival.

My Change and Gingko are associated to a side of the business that I believe was missing Norton de Matos’ life before the infarction – a more human side of business that see employees as human beings with a work-life balance and not as mere engine part.

Norton de Matos’ life changed in a profound way – today he says that *“mental and spiritual equilibrium have more weight in my life, alongside with the interpersonal relationships between me, my family and friends”*²⁵.

As I explain ahead in my dissertation, the reaction process involves several elements, and they are all present in Norton de Matos case. Firstly he decided to fight back and to call others to the battle (family, friends and other people to partner with him in the new projects). He also protected his image and self-esteem by recognizing and

²³ In page 40 of the annexes.

²⁴ In page 42 of the annexes.

²⁵ In page 44 of the annexes.

understanding the root causes of the incident. Finally, he proved his willingness and skills to face a new challenge by establishing a purpose and motivating reasons to triumph again.

He overcome a major setback that strongly affected his professional and personal life by taking brave and creative decisions of starting his own projects, in an economic environment that does not always respond well to entrepreneurs, and by starting managing more efficiently the time spent in each activity, achieving the proper equilibrium to fight back. I believe Norton de Matos' fighting back experience is an example for all people who face adversity, and for those who will face it in future, of how to transform threats and crisis into opportunities and success. His new projects are embedded with a common mission of changing the life of people and organizations in the way Norton de Matos' changed his life. His words say everything "*Today I feel happy with the projects that I have helped to develop. I feel good in my own skin*"²⁶.

- Luís Sítima Interview Analysis

Due to the nature of his professional activity, Luís Sítima has seen several organizations and leaders going through success and failure.

In his interview, he explained me that the most common events that anticipate the fall of a leader are the change in a company's shareholder structure, bad results in short and middle-term and the company's strategic reasons. It became clear that a high ranked leader is a special type of employee by holding a risky job, depending strongly from the results to be achieved, while being generously paid.

For Luís Sítima, the leader is a kind of person that has the ability of finding emerging opportunities in crisis context. Sítima characterize the actions of leader, under crisis situation, with several attributes: a leader has to understand the ephemeral nature of success while trying to succeed by behaving with humbleness; a leader has to have chameleonic skills by adapting himself to circumstances (quoting him: "*A true leader*

²⁶ In page 45 of the annexes.

*faces several realities and knows how to act accordingly*²⁷) and has to be able to reinvent itself; and leader must act with integrity and honesty while showing the right path to overcome loss.

Luís Sítima believes that there is no direct relation between a leader's failure and the industry where he works. Nevertheless, he believes that failure is more tolerable in the public administration sector, in family own business companies (quoting him: *"An American statistical data says that family own business companies grow, in average, more 8% than other companies, because they have a long-term vision"*²⁸) and in companies with more solid shareholders structure like Sonae SGPS.

Sítima also expressed that some types of leaders impact negatively on their companies' culture. Even if the company is leaner an omnipresent leader may wrongly interpret the company's culture, accumulating all the responsibilities and becoming a barrier of development to other low ranked leaders. Although the hierarchical layers should be made for solving problems not for filtering the failures along the hierarchy, this situation can turn the leader into a fabricant of all success but also into the guilty of every failure, because there is no delegation of power along the chain of command.

Sítima states that nowadays careers have a tortuousness nature. Quoting him: *"Today is common to observe zigzagging careers with ups and lows. The peak of a professional career is not reached at the end anymore but probably somewhere in the middle"*²⁹. If the failure was not for ethical reasons or other problematic situations, he says that when a leader leaves a job is common to see him/her occupying a similar position in a different company, from a related industry, because the Portuguese small market recognizes his/her skills (here, networking plays a major role). Becoming a board member is also widely observable. On the other side becoming entrepreneur or taking a job position abroad are still rare situations.

According to Sítima, Emotional Intelligence has its own share in helping leaders recovering from career setbacks. Optimism, self-control and self-confidence, just to name a few, are tools that a leader must have in order to recover successfully. In this sense,

²⁷ In page 47 of the annexes.

²⁸ In page 48 of the annexes.

²⁹ In page 50 of the annexes.

executive coaching is the common weapon that leaders use to fight back. Quoting him: *“Coaching has an important role in supporting the decision-making process of a leader and in thinking the future, while trying to leverage the leader’s experience, and other skills, in order to try success again.”*³⁰.

Failure is a source of learning and reinvention and Luís Sítima felt it professionally in a bad trimester in an economic crisis context. For him and for the work team the choice was to reinvent themselves by working double without instant rewards, or to give up. At the end the effort was worthwhile, results were achieved, lessons were learnt and they became more prepared for the more recent financial crisis.

I believe that Luís Sítima professional experience sends the message that crisis periods are great opportunities to learn and to become stronger. Quoting him: *“...the crisis periods, personally and professionally speaking, always taught me more than the success ones.”*³¹.

- Paulo Simões Interview Analysis

Paulo Simões is a person that knows deeply the Portuguese job market. Not only he has worked in several top organizations but he also is, at the present time, an executive search consultant of Egon Zehnder International – in other words, he works in an industry that is partially responsible for placing high profile business leaders in top positions (quoting him: *“...executive search companies have the entrance key in 20% of the cases.”*³²) and he also has worked with fallen leaders through career coaching.

Paulo Simões has the opinion that in Portugal CEO’s have relatively stable and secure jobs. Quoting him: *“Business leaders last longer due to the particularities of the shareholders structures and because there are few independent CEOs... CEOs turnover in Portugal is relatively smaller because the decision-maker who chooses a CEO has a*

³⁰ In page 51 of the annexes.

³¹ In page 51 of the annexes.

³² In page 56 of the annexes.

lot of responsibility in his shoulders and, consequently, if the CEO is fired the decision-maker capabilities are put into question.”³³.

The interviewed believes that the main types of events that anticipate the fall of a leader are: bad results in the company’s performance; incompetence regarding the relationship management with the shareholders; repulsive reactions from a company that doesn’t accept the nomination of a new leader from other company; lack of decision-making ability and inadequacy to meet the high standards of a multinational company; and wrong management of the expectations from both sides (quoting him “*This is the case when leaders expect something different from the company, or vice-versa.*”³⁴).

According to Paulo Simões the types of organizational cultures and business sectors where failure is less tolerable are seen in multinational companies, where the leader is dependant from hierarchies that are physically far and less attached to the chosen leader and in industries like in the consulting industry, auditing industry and in call centers – where, quoting him, “... *the business model assumes the high turnover nature of the job.*”³⁵; the phenomenon is also seen in the retailing industry “...*due to the costs structure of the business model*”³⁶; and in the pharmaceutical industry, where exists a high turnover culture in which workers easily jump from one company to another.

Paulo Simões sense that entrepreneurship has a small place in our society (only seen in youngsters and in honorable exceptions of mature leaders), the majority of leaders that fail go to a different industry after the career setback and he believes that the market reaction to failure is characterized by a dichotomy – quoting him “... *although in Portugal exists a culture that is risk averse (unlike the American risk prone culture), leaders usually return to high profile jobs after a career setback.*”³⁷.

Concerning the reputation subject, he sees it has an important factor in the recovery process alongside with networking. Nevertheless, Paulo Simões states that, in

³³ In page 53 of the annexes.

³⁴ In page 54 of the annexes.

³⁵ In page 55 of the annexes.

³⁶ In page 55 of the annexes.

³⁷ In page 55 of the annexes.

the role of an executive search professional, he regards reputation has a minor criteria when choosing a manager to a leading position – quoting him “... *the reputation factor cannot be the major criterion for choosing a business leader. For Egon Zehnder, the important is the leader’s management skills.*”³⁸.

In his last words of the interview, Paulo Simões highlighted the importance that personal events have on the professional life. He gave the example that when his wife died he started to look at his life – personal and professional speaking – in a very different way. Quoting him: “*Presently, I look at each day has a gift and I try to live everyday in the best way possible, living life to the fullest and not worrying about big plans, because in the long run we are all death.*”³⁹. Like in Pedro Norton de Matos’ case, Paulo Simões was hit by personal drama which affected the path and the way his professional career is managed today.

b) The Three Phases of the Fighting Back Process

- The Shock Phase

The concept of success exists because there is something which is called failure. Or, in other words, success and failure will always coexist, and people who succeed eventually will fail. Other indisputable fact about failure is that people don’t see it coming. Many times, leaders cannot anticipate a career setback simply because they don’t have a “*crystal ball*”. If Norton de Matos knew he was on the imminence of having a heart attack he would just slowed down his working pace.

A crucial aspect that leaders must take care is the way they leave their job. The job leaving process has to be manage carefully in order to minimize reputation potential damage. High ranked, public known leaders take years and hard work to build a

³⁸ In page 56 of the annexes.

³⁹ In page 58 of the annexes.

successful reputation and from one moment to another those years can be wiped out in a moment. An example is “*Chainsaw Al*” Dunlap, a corporate executive with a strong reputation as turnaround specialist and downsizer that used ruthless but effective methods to help companies escaping from bankruptcy. Dunlap was caught in an accounting scandal at Sunbeam-Oster (a consumer products company) and was sued by SEC. After this, Dunlap went quietly to retirement with a ruin reputation hanging over him for the rest of his life⁴⁰.

Nevertheless, Dunlap case is not the most common. In most of the times the CEOs retire from their position by “*personal reasons*” and in reality both the CEO and the company agree to hide the facts to protect the reputation of the two parts.

The feelings that come up when a career setback occurs can differ from one person to another. Feelings of anger and rage, which can turn people autistic by not listening to others and behave wrongly. Feelings of shame which may block a reacting behavior. And feelings of denial regarding the dramatic events, that result in lies to others and to itself by not assuming that a problem exists – this behavior is commonly observed in people with strong egos that may block the capability of assuming that something wrong has happened.

There are two kinds of people regarding the way they react to the inevitability of failing at some point in a professional career. Some people fight back and recover and other people blank out and subsequently don’t recover. Adversity plays the major role to distinguish those two kinds of people. The way a leader reacts to the shock of a career setback is the way he reacts to adversity.

The shock period is not easy to handle. There is a strong aversion against failure in society – it’s a kind of failure stigma (people are afraid of associating their image to failure, they treat failure like a contagious disease) that, alongside with a wrecked self-esteem, works by not letting leaders to acknowledge their failure.

Other problem associated with the shock period is the little help close people can give to the victim of a career setback. The reasons are related to the fact that people get

⁴⁰ Description of the events occurred in page 159-160 of Sonnenfeld, J. and A. Ward (2009), *Recomeçar de novo* (original title: *Firing Back – How Great Leaders Rebound After Career Disasters*), Actual Editora, Lisbon.

uncomfortable by seeing his friend or acquaintance in a bad situation; sometimes the only help they give is saying something like “*take a vacation*” and that doesn’t help – instead, the victim should receive support to understand and face the situation⁴¹.

When receiving the shock of a career setback, one has to break the chains that link the person with what he/she has lost. This is the first step to avoid dramatic consequences. A person in this situation must also pay attention to the signs of self-loathing and self-blame that can block the recovery process.

The nature of the shock in leaders that are in the high ranks of power is different from other cases. Without disregarding the people who are low ranked and find themselves in dramatic positions due to job loss, I understand that high ranked leaders are affected differently by adversity in their careers – the saying “*the higher you climb the higher you fall*” is applicable to these cases. When a notorious business leader has a public career setback, a firing for instance, the audience reacts by don’t understanding how a person who have earned so much money can be unhappy. The explanation lies in the basic fact that money is not everything. Those leaders don’t suffer financially but suffer emotionally in ways that sometimes the recovery is not possible.

A business leader understands his personal identity in a different way when comparing with common employees, in the sense that a leader commonly defines himself by what he/she does – sometimes the career is the leader’s life⁴². High ranked leaders have high ambitions and a need to achieve something greater; they feel they have a heroic mission to be accomplished. The company or organization where a leader works functions like an extension of the leader – quoting XIX century social thinker John Ruskin “*But really great men have a curious feeling that the greatness is not of them, but through them*”⁴³.

⁴¹ Regarding this point, Norton de Matos case is different because he chose to rethink his career (due to the already known health problems) and not because he was forced to do it by the company shareholders. In this sense, he received support from everyone and the shareholders believed that the best option for Oni was to maintain him as the CEO.

⁴² “*The forced separation between the organization identity and the leader might result in a losing feeling of the major part of thyself*”. In page 189 of Sonnenfeld, J. and A. Ward (2009), *Recomeçar de novo* (original title: *Firing Back – How Great Leaders Rebound After Career Disasters*), Actual Editora, Lisbon.

⁴³ Quotation in Page 191 of Sonnenfeld, J. and A. Ward (2009), *Recomeçar de novo* (original title: *Firing Back – How Great Leaders Rebound After Career Disasters*), Actual Editora, Lisbon.

When a business leader loses the power gained throughout his working life, the man behind that leader loses his social status recognized in the industry where he/she moves and the ego is destroyed. A business leader firing process is not so anonymous like a firing of a mass of blue-collar workers and therefore the event is felt in a more personal way.

In order to avoid the social shame, the person hides from its pairs and even from its family and friends. The denial can be: public when the company and the leader agree not to tell the fact (or, at least, all the facts) and sometimes is given the option of becoming a consultant of a board of directors; or private when a person lies to itself by not assuming a setback and finding scapegoats like the overall economy or the competitors, etc.⁴⁴.

The shock suffered can be summarized in four perspectives: loosing the heroic image; separation between the leader's identity and the organization's identity; and the impossibility of continue the mission of doing something greater than the leader itself, something that can persist over time.

- Retreat and Reaction Phase

After the shocking period, a leader must stop, think and then react.

In the thinking process, a leader must first speak the truth to itself by understanding that something went wrong for then focusing on the latent opportunities.

The first question to be answered is whether the fight for coming back has more benefits than costs. A leader must choose the right battles to fight and the right timing (about the subject of reacting in the right time I quote Paulo Simões: *"I know a business leader that was dismissed from the CEO position and nowadays he regained a high profile job. In the meanwhile he was wise enough to let the time go by, working*

⁴⁴ "...many professionals never learned how to learn from failure...they become defensive, screen out criticism, and put «blame» on anyone and everyone but themselves." In page 120 of Berglas, S. (2001), *Reclaiming the Fire: how successful people overcome burnout*, Random House, New York, New York.

unnoticed,...”⁴⁵). Reacting strongly, immediately after a scandal breaks up, increase the probability of public and media judgments’ that can destroy a personal reputation even if the battle is won in the courts some years later. It is common to see politics that overreact in such a strong way that they also attack the media, and at the end they have a pyrrhic victory – a victory with devastating cost to the winner. A reaction with “*blood shedding*” has always costs involved; quoting Sun Tzu: “*To fight and conquer in all your battles is not supreme excellence; supreme excellence consists in breaking the enemy's resistance without fighting*”⁴⁶.

In this part, the leader must not mix up the proper, constructive reaction with vengeance. The first one may allow some kind of reborn and the second one may distract the leader from grabbing the right opportunities for rebuilding the career. In this sense the leader must assure that he is in charge of his own emotions. In order to do this, the leader has to have the vision and cold blood to put the event in a broader perspective – in the perspective of rebuilding the career. Here, leaders have to put into action the creativity so much needed in uncertainty situations. Uncertainty is something leaders are used to; therefore a career setback has to be dealt with the same attitude of transforming complex problems into simple ones through creativity.

The reaction process involves several elements: decide to fight back; call others (family, friends, acquaintances, etc.) to the battle; protect the self image and self-esteem by understanding the real root causes, or by searching for an explanation that doesn’t blame the self for the happenings; prove willingness and skills to face adversity; and establish a purpose and reason to survive and triumph again⁴⁷.

“*Who the leader knows*” and reputation are also keys to recovery. Family and close friends can help by supporting emotionally, reducing the levels of stress, but if the leader has maintain his/her reputation among its pairs, the network can do the entire job

⁴⁵ In page 55 of the annexes.

⁴⁶ In Website Military Quotes, <http://www.military-quotes.com/Sun-Tzu.htm> .

⁴⁷ In page 58 of Sonnenfeld, J. and A. Ward (2009), *Recomeçar de novo* (original title: *Firing Back – How Great Leaders Rebound After Career Disasters*), Actual Editora, Lisbon.

when the leader wants to find a new high ranked position⁴⁸. The professional network has the value of giving the leader the information he/she needs, and that network has to be promoted before the setback occurs, or it won't work when needed. Also, a vast networking allows leaders to spread their story version in order to protect their reputation⁴⁹.

Among others, networking is a common element present in the three interviews that were made. Pedro Norton rebuilt his career partnering with people he already knew and Luís Sítima and Paulo Simões recognize both the special importance of networking in the Portuguese small job market.

Another important fact about reputation is that it is something that it's recoverable. Even those leaders who commit huge mistakes are able to recover. Quoting Paulo Simões: *“Reputation per se is not a dichotomy. A person's reputation is not zero or one, but is always zero comma something – it varies across time and it's recoverable... reputation is recoverable if a person let the time go by.”*⁵⁰.

In order to protect reputation, perceptions have to be managed carefully. George Shaheen example is paradigmatic. Shaheen, a former CEO of Andersen Consulting (nowadays, Accenture), became CEO of Webvan an e-business company that went bankrupt in 2001. Webvan was condemned to failure since the beginning and, therefore, Shaheen was never taken responsible at a large extent – he was able to transfer the responsibility of Webvan failure to the company itself.

Linked with managing reputation and perception is the trust factor. In this thesis, business is being presented as a very emotional science and trust plays a major role. For expressing this view I take the example of Donald Trump. In the 1980's the real estate crisis broke and Donald Trump was unable to meet loan payments. And in 1991 increasing debt brought Trump to business bankruptcy. However, banks and bond holders

⁴⁸ “Mark Granovetter found out that in the total of those who found out a job through a contact, only 16,7% was through a friend...55,6% through acquaintance...27,8% found a job through distant acquaintances”. In page 248 of Sonnenfeld, J. and A. Ward (2009), *Recomeçar de novo* (original title: *Firing Back – How Great Leaders Rebound After Career Disasters*), Actual Editora, Lisbon.

⁴⁹ Although, sometimes exist agreements between companies and fired CEO's where the leader is forced to do a black out in change for a sum of money.

⁵⁰ In page 57 of the annexes.

that lost hundreds of millions of dollars, opted to restructure his debt not only to avoid the risk of losing more money in court, but because they knew that Trump was the type of leader that was able to fire back in adversity by seeing opportunities in crisis contexts. And so it was, in 1994 Trump had eliminated a large portion of his \$975 million personal debt⁵¹.

In the reacting process there are barriers to recovery that need to be taken in mind.

The effectiveness of a leader reaction to failure is influenced by the corporate culture where he/she is working in. In some industries, like consulting and media, is observable a high rotation of people across several companies. In other industries, big companies give strong and long-term internal training expecting that employees develop their careers inside the company. Therefore, the concept of a “*successful career*” depends on the corporate culture – generically, a management consultant that loses his job can recover faster than an employee of a public sector company because the particularities of the culture where he/she works (quoting Paulo Simões: “*In the management consulting industry... the culture is «in or out». Only a certain percentage of people go to the level above. If a person doesn’t manage to go up after a few years he/she leaves the company. For instance, at McKinsey the average time a consultant stays in the company is around two years and a half. The business model is developed assuming that will exist a high employee turnover.*”⁵²).

A common and clever way for leaders to overcome failure is to look at what happened to others and learn with them⁵³. There are several examples and lessons that can be drawn from more dramatic tragedies that occurred to others like Oprah Winfrey, who was sexual molested at a young age by relatives and become a media superstar, Bill Clinton that had an abusive alcoholic stepfather and turn out to be President of USA, or Lance Armstrong that fought a battle against cancer to become a living legend in

⁵¹ In page 302 e 303 of Sonnenfeld, J. and A. Ward (2009), *Recomeçar de novo* (original title: *Firing Back – How Great Leaders Rebound After Career Disasters*), Actual Editora, Lisbon.

⁵² In page 54 of the annexes.

⁵³ Quoting Eleanor Roosevelt said: “Learn from the mistakes of others. You can’t live long enough to make them all yourself.” In page 58 of Sonnenfeld, J. and A. Ward (2009), *Recomeçar de novo* (original title: *Firing Back – How Great Leaders Rebound After Career Disasters*), Actual Editora, Lisbon.

cycling⁵⁴. However, the full learning experience demands also to look to the other side of the coin: the tragic death from cancer of Charlie Bell, MacDonald's CEO during nine months, albeit his tenacious struggle against the disease; or Eli Black, the corporate raider from the XX century 70's, that committed suicide after a disastrous management of the company United Fruit⁵⁵.

A major point to be mention in the recovery process is self-confidence. When digesting the impact of career failure self-confidence can be used as a tool to recover. However it can also be a blocking force. Like every virtue, if it's too much it turns out to be vice. When overconfident leaders ask for help they feel weaker, these kinds of leaders view themselves like super heroes that must be capable of solving everything by their own. This is a dangerous image, because there is no such thing as super heroes. A good example of a leader with the right dosage of self-confidence is Roger Enrico, former CEO of PepsiCo, which called for help to Craig Weatherup (an Enrico's rival) to lead the company.

Also resilience takes a major role. If a leader wants to recover he/she has to be prepared for a long and difficult journey. Howard Gardner, an American developmental psychologist who is based at Harvard University, states that resilience is the common skill of creative people, such as artists and leaders. In his studies, Gardner observed that creative people like Sigmund Freud or Mahatma Gandhi had the ingredients of resilience: self-evaluation of strengths and weaknesses, ability to analyze the present situation and the capability of transforming adversity in future success⁵⁶. Aligned with this idea is Robert S. Kaplan (2007), stating that “...a key characteristic of highly successful leaders is not that they figure out how to always stay on course, but they develop techniques to

⁵⁴ Description of the events occurred in page 46-48 of Sonnenfeld, J. and A. Ward (2009), *Recomeçar de novo* (original title: *Firing Back – How Great Leaders Rebound After Career Disasters*), Actual Editora, Lisbon.

⁵⁵ Description of the events occurred in page 52 of Sonnenfeld, J. and A. Ward (2009), *Recomeçar de novo* (original title: *Firing Back – How Great Leaders Rebound After Career Disasters*), Actual Editora, Lisbon.

⁵⁶ In Description in page 16-17 of Sonnenfeld, J. and A. Ward (2009), *Recomeçar de novo* (original title: *Firing Back – How Great Leaders Rebound After Career Disasters*), Actual Editora, Lisbon.

help them recognize a deteriorating situation and get back on track as quickly as possible.”⁵⁷.

Finally, when talking about fighting back and recovery, it’s imperious to mention the importance of ambition. Ambition has many enemies due to misinterpretations of its essence. If driven in intrinsic, healthy way, ambition is a powerful tonic to enhance a performance back to the top⁵⁸. For instance, Norton de Matos’ healthy ambition drove him to leading creative projects were he believed he could make a difference. Putting it simple: to recover from a career setback, ambition is needed.

- Comeback Phase

In this part, I will talk about the comeback phase.

The strong need that the leader feels to accomplish a heroic mission can be source of big depression but it can also be the engine of recovery.

There are innumerable possibilities for those who go through the comeback path.

Some choose entrepreneurship and start their own company. This is the case of Bernie Marcus with The Home Depot or Norton de Matos with My Change and Gingko. Others use their experience and influence and become external consultants for several boards of directors, or become investors. And the ones who don’t have a networking machine behind or enough money to start a new business or make investments turn themselves to the executive search companies scope.

Executive search companies can make the difference in the comeback period of a leader because they are, at a certain extent, the key holders of the entrance in high profile job positions. The information that circulates among the restricted community constituted by the consultants of these companies is crucial for the destiny of a potential candidate for a high profile job. The weight of the executive search companies in choosing a person

⁵⁷ In page 88 of Kaplan, S.R. (2007), What to Ask the Person in the Mirror, *Harvard Business Review*, Volume 85, Number 1, 86-95.

⁵⁸ “...it is important to understand that a key to reclaiming the fire is the capacity to be ambitious in a healthy way.” In page 79 of Berglas, S. (2001), *Reclaiming the Fire: how successful people overcome burnout*, Random House, New York, New York.

for middle and top management positions can be understood in the following quote, made by Paulo Simões, “*A few years ago a master thesis tried to measure how people, at middle and top management levels, were recruited and the conclusion was that around 20% was through an executive search company, 80% was through direct networking and a very small percentage was through newspaper job advertisement. I believe these numbers reflect exactly the Portuguese business reality...*”⁵⁹.

A classical example of a leader with a heterogenic curriculum that saw opportunities in several areas is Michael Bloomberg. Bloomberg was fired from the position of General Partner in the investment bank Solomon Brothers, at 39 years old and receiving \$10 million of compensation. After this event he could have taken extended holidays but he did not. He started his own business – Bloomberg⁶⁰ – by developing a new service that was not explored in the market (a securities data analysis software). His creativity and eager to pursue success didn’t stopped here; currently he is the Mayor of New York City and one of the richest men in world.

In order to find a new successful path, the leader must be able to reinvent itself. Leaders feel the need to find new heroic missions. For instance, after being fired, Steve Jobs thought about a career in politics and thought about being the first civilian to fly in a space shuttle, but after all he chose to be what he was before (first in NeXT and then, again, in Apple).

The comeback doesn’t always necessarily mean a travel back to huge success under the lights of fame. Some successful leaders reach to a point in their careers and feel that they want do something new, with more meaning to their life after a workaholic career full of pressure. Those leaders who don’t talk the truth to themselves and refuse to change lifestyle are many times warned by their own bodies in the form of cardiovascular problems (like is seen in the case of Pedro Norton de Matos, former CEO of Oni).

⁵⁹ In page 56 of the annexes.

⁶⁰ Firstly called Innovative Market Systems.

Steve Berglas (2001)⁶¹ studied and worked with high ranked leaders that found out that their careers were no longer meaningful and psychologically rewarding for them – this is what Berglas calls the “*Supernova Burnout*”. And, many times, leaders only start doing what really makes them happy and seeing clearly their vocations after a shock originated by a career setback. These happens when some leaders reach the top and realize that maintaining the position is not so challenging like getting there⁶². Berglas call it success depression and I regard this situation as a career setback since the leader no longer have a *raison d’être* – like in a firing process, the person feels something inside has died. A dramatic case happened with George Eastman, cofounder of Eastman Kodak, that committed suicide leaving the following note on his desk: “*My work is done, why wait?*”⁶³. This kind of examples warn that in the comeback process all matters have to be taken on account – the leader’s “*investment life portfolio*” has to have space for work but also for family and leisure in order not to become “*emotionally bankrupt*”; balance is the key.

A leader that once was on top has a broad range of options regarding its future. In opposition with the rest of the people who have never accomplished to climb the stairs of success so high, a CEO, a member of a board of directors, etc. are leaders that had to develop a wide range of skills, and therefore the possibilities are immense if the reputation is not too damaged and if the will is strong.

⁶¹ A clinical psychologist and adjunct faculty member at Harvard Medical School, that teaches at John E. Anderson Graduate School of Management at UCLA and works as executive coach and management consultant.

⁶² An example is Mark Lenzi, gold-medal in the three-meter springboard diving competition at the 1992 Barcelona Olympics. “*Lenzi believed that winning a gold medal would guarantee him a lifetime of solicitations for products endorsements, motivational speeches, and charity golf tournaments. Instead, he found himself lying in his bed... Post-Olympic depression involves intense disappointment with the experiences that follow what was expect to be a life-altering event.*” In page 31 of Berglas, S. (2001), *Reclaiming the Fire: how successful people overcome burnout*, Random House, New York, New York.

⁶³ In page 37 of Berglas, S. (2001), *Reclaiming the Fire: how successful people overcome burnout*, Random House, New York, New York.

3- Conclusions

This master thesis dissertation allowed me to arrive to several conclusions by discussing the phenomenon of business leader's fighting back processes after career setbacks.

While understanding the concept of leadership it became clear that the "*modern*" leader is the person that exercises influence on followers towards the attainment of group objectives – which should be higher goals (more than just making money) that will eventually increase the profitability of his business and will build a business reputation that functions like a safety net in potential setback career periods.

By reviewing the styles/types of leadership it was determined that there is no perfect leadership style/type, instead the leader must search the most appropriate one regarding the circumstance. Therefore a leader should not stick to one style only – a career burnout can happen due to the negative effects of applying the same style/type to every context.

The cross-cultural leadership was also dealt. In this point, it was understood that leading in a worldwide context it's a riskier and more demanding job and only a leader with cross-cultural skills, a holistic view of the global business and other important features can minimize the chances of failing.

Also, the role of IQ and other misconceptions were demystified by the process of understanding the crucial importance that Emotional Intelligence and Social Intelligence represent to leaders that have to deal with turmoil situations in their organizations and in their own careers.

Then it were interviewed three Portuguese business leaders (which acquired a deep knowledge about careers setbacks at the level of high-ranked leaders in personal and professional circumstances) that contributed decisively to understand the common aspects of the dissertation subject. The lessons learnt were several and in this conclusion I pin point the most relevant ones: Pedro Norton de Matos overcome a major setback by taking brave and creative decisions of starting his own projects and by starting managing more efficiently the time spent in each activity, achieving the proper equilibrium to fight back; Luís Sítima professional experience sent the message that crisis periods are great

opportunities to learn with errors and to become stronger through professional reinvention, while emphasizing the major role of Emotional Intelligence; and Paulo Simões presented the importance that executive search firms have in the life of fallen leaders, while highlighting the importance that personal events have on the professional life.

Afterwards it were discussed the three phases of the fighting back process.

In the shock phase it was highlighted its unpredictable nature, the different feelings and the different reactions to the shock, and the distinct impact that a career setback has on high profile business leaders. At the end, the shock suffered was summarized in four perspectives: loosing the heroic image; separation between the leader's identity and the organization's identity; and the impossibility of continue the mission of doing something greater than the leader itself.

In the retreat and reaction phase it was discussed the timing and the strategies used by a leader to fight back adversity, while managing several variables and crucial elements for recovery such as networking, reputation, corporate culture, learning and change capacity, self-confidence, resilience and ambition.

At the end, in the comeback phase, it were presented the several kinds of paths that a leader follows after a career setback while featuring the decisive elements that can influence the future of a leader. Also, was underlined the importance of searching for a balance between life and work, avoiding the danger of the so-called "*Supernova Burnout*".

Society loves success and what's around success, which sometimes ignores the discussion about failure and what we can learn from it. Failure is rarely described as an engine to a change of life towards success.

Nowadays is common to read and hear innumerable people, specialists, gurus, etc. presenting recipes to achieve success in professional career and in life in general. However, sooner or later when things get though, the victims of career setbacks feel the need of something deeper than a bunch of banalities. In this sense, looking deeper inside and speaking the truth to itself is the starting and crucial point of the fighting back process. And this is applicable from the high profile leader to the low level worker.

This dissertation allowed me to observe that the real challenge for a leader is to overcome adversity in harsh moments, through the art of transforming failure in an engine of future success – quoting Pablo Picasso: “*Every act of creation is first of all an act of destruction*”⁶⁴.

Greatness in leaders is very rare – it’s only observable in the ones who perform excellent for a long time by being able to face the adversity nature of life (personal and professional) and overcome it⁶⁵.

No matter how successful is a leader, mistakes are made, battles are lost and change his always around the corner. Quoting Luis Sítima “*It is estimated that the longevity of a CEO career, in USA, is around 18 months*”⁶⁶. In this sense, the leader has to be always prepared for facing change in good and bad times.

The work on this thesis holds the fact that if a leader has the willingness of not giving up and has the art of adopting the right strategy, success can be reached again.

⁶⁴ In page 4 of Berglas, S. (2001), *Reclaiming the Fire: how successful people overcome burnout*, Random House, New York, New York.

⁶⁵ “*Career success signifies an ability to overcome obstacles, to persevere in the face of competitive threats, to adapt to change, and to endure grueling periods of deprivation.*” In page 3 of Berglas, S. (2001), *Reclaiming the Fire: how successful people overcome burnout*, Random House, New York, New York. “*The ultimate measure of a man is not where he stands in moments of confort and convenience, but where he stands at times of challenge and controversy*”. In page 186 of Berglas, S. (2001), *Reclaiming the Fire: how successful people overcome burnout*, Random House, New York, New York.

⁶⁶ In page 46 of the annexes.

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ANNEXES

Interview 1 – Pedro Norton de Matos

1. Please describe your career path and why did you chose it, until the moment you faced adversity.

“I took my degree in business administration at ISCTE. I was caught by an education reform led by Professor Veiga Simão in 1972/73 by being on the ISCTE inaugural year.

After graduation, when looking for a job in the market, I accidentally went to the sales area. This happened when answering to Xerox’s job announcement.

After I start working, I received job offers to work in the financial area – the professional field in which I was interested to pursue my career. But I had discovered other reality, other path for transforming myself and for growing – the sales world. I also declined an offer inside Xerox to work in the financial area, after saying that finance was my favorite area in the recruitment process. This transformational path was decisive for my next steps.

Later I received a job offer to work in the IT area, namely dealing with mainframes computers. I worked in the sales area of Sperry Company (later named Unisys).

In the following years I made several career progressions in the sales area and I had other professional experiences in the IT sales area, but I eventually returned to Unisys.

While exiting and entering Unisys, I had took big steps regarding career progression, by jumping from sales division to general division and by reaching the country manager position and then by becoming CEO of Unisys Portugal and Spain, for then becoming head of Unisys South Europe (Portugal, Spain and Italy). In this last period I lived 5 years in Madrid.

After my experience in Unisys I went back to Portugal, in May of 2000, to lead the Oni telecommunications project. I was named the CEO of the holding with non executive functions in the subholdings. We had several business units: fixed communications, internet and mobile communications. We won the license for the 3rd generation and we created the company Oniway in order to explore it.

I was for ten years (from 35 until 45 years old) in leading roles at Unisys, and five years (from 45 until 50 years old) at Oni.

The first of those five years was a year of euphoria and fast growing of the telecommunications industry and of the economy generally speaking. The next four years were years of structural and cyclical difficulties where the global economy was facing a shrinkage context.

In the economic history of those days, companies went from heaven to hell in a blink, affecting the global markets – the variation amplitude was brutal.

These happenings put big amounts of pressure in leader's shoulders that were managing the interface between shareholders and other stakeholders.

It was in this context that we lose Oniway project before the project had the opportunity to effectively start. The decision was made by the Regulator and not by the market. Imagine the setback that was working hard for two years for getting ready to enter the market and then an external force blocked us from fulfill our project.

This is an example of events that could have influenced my myocardial infarction, Although, I had my heart attack because of genetic reasons, the lifestyle that I was having (sedentary life, stress, eating badly) was a dangerous cocktail.

However I was lucky because I didn't developed sequels: Physicians say that cardiovascular problems are like a fire, if you don't do something fast, the flames spread until it's too late to save the non-burnt area.

The incident happened in a Sunday at 5am, one month earlier of completing 5 years ahead of Oni. I was also lucky regarding the timing and place were the incident took place. If it happened weeks before, when I was in vacations in Patagonia several hours from a medical spot, the outcome would not be the same. I was in the place at the right time.

From that day on, I made a promise to myself and to my family that my life would change. Some days later I turned 50 years old.”

2. Which were your career highlights and why?

“In a flashback I can say that I had several moments. I always did what made me happy.

I like challenges and I’m a positive person who sees the glass half full. I’m considered a profile A type of person – I feel adrenaline when overcoming obstacles.

I look behind and I can see a professional career full of passion and commitment with rewarding events dominating the memory. I have these feelings since I discovered the sales world which in those days was considered a minor job for people who had a higher degree. Back then I understood that I had the right profile for selling services and solutions that could help companies becoming more efficient and optimizing its resources – and in this point I saw a clear link with my learning at university.

I had an enlightening career supported by several changes. Although my shortest cycle in a project was three years I consider that a cycle of two or three years are enough for gaining a consistent professional development. The professional changes, from project to project, made me grow.

The main highlights were becoming Unisys Portugal Country Manager before accepting the Iberian and South Europe challenge of that company, which meant so much to me.

Another highlight in Unisys was having the opportunity to be part of an international task force in which I was the Europe’s representative, answering directly to the President of the Corporation.

During several months I was half of the week in USA and the other half in Europe. It was tiring but professionally very stimulating. We were around twelve elements from all over the world and the Unisys President gave us the task of developing a go-to-market model. The company was in a transformation process from being a

software company to a services company. Being on that global team was a striking experience.

Other highlight was becoming CEO of a company in the growing sector of telecommunications. I lived the liberalization process, the initial euphoria and the aftermath bubble crash.

I joke with my friends saying that I have a major influence in the telecommunications global market, because I entered in the highest point, then the market went down and when I left the market went up.

3. Please describe the most problematic moment of your career and your immediate feelings and reactions to that event.

“I had return from holidays from Patagonia and I have had a kick-off work week - it's a post-holidays context. The worries and pressure were there with or without holidays.

I was tired. I remembered doing a kick-off meeting on Friday and I left work late, and the event occurred on Sunday evening.

The feeling was scaring. I had the heart attack classical symptoms – a strong pain in the chest (something like a truck parked in your chest), cold sweats, pale skin. I was scared when I looked to the mirror and saw my own image.

I knew what was happening, I didn't lose my senses. My close family drove me to the hospital after calling a friend of mine, president of a hospital institution, that assure us that there was a cardiologist on service. I was promptly assisted and I stayed a week in the hospital.

During that week, a person understands its mortality and fragility. I was already thinking on slowing down and the incident made me anticipate the decision.

Regarding the causes of the heart attack I thought about the industry where I was working. The IT/IS industry was an area in which the impact of change and transformation was felt more strongly and I was in the middle of the volcano during a large period. From 35 to 50 years old I was a top executive and therefore I felt that

turbo-change very personally. I guess fifteen years in the IT/IS industries corresponds to much more years in other industry.

On the other hand I believe that one cause that potentiated the occurrence of the heart attack was my character, my willingness to accept challenges and to enter on that frenetic rhythm.

The aftermath gave me time to put things in perspective and I understood that I could be happy by working in other types of projects.”

4. Did you felt that you acted in denial before the problem broke loose, culminating in a heart attack?

“I felt the event as a sign given by the body. The infarction was a sign that the body was tired. I also understood that my lifestyle led the body to an extreme situation.

I believe that when working at a high pace in a multi-task format, people develop the presumption that everything can be handled. And there is also the sensation that tragedies only happen to others. In this sense, there was a denial that I received from my body.

I traveled too much, slept bad, eating at different schedules, and I denied by thinking that taking some holidays or having a good sleep for some days could solve the problem. But the truth is that the metabolism has a memory.”

5. What and who helped you immediately after the career setback? And how did the others react to the incident?

“I received enormous support from my wife, daughters, brothers, all the family and friends.

There were other diversified reactions. Some were incredulous, since they knew my background of physical exercise and because I didn't smoke or had any weight

problems. Apparently I didn't had health problems, therefore my friends, colleagues, etc. didn't expect that I could suffer from a heart attack.

My story had an echo on the media due to the growing worries about matters of balance in life and work. I didn't mind that my story was told and discussed because I know, at least, three other happy ending stories of people who went doing exams inspired by what happened to me: one of them felt pain in the chest (it was silent pre-infarction), the other two cases were people who were at a high risk of having a heart attack.

Oni shareholders understood what struck me and supported me. They invited me to stay in the company for a year more until the end of the mandate. Some of them tried to dissuade me giving me examples of business leaders who suffered from health problems and continued with demanding executive roles. Nevertheless, my decision was already made – I stayed has a non-executive vice president during a year. That year allowed me to think about what I wanted to do next.”

6. What did you do to fight back? What strategies did you used and what path did you take? Who did you call to battle?

“I became more careful regarding the exercise and food, while receiving support from my family.

Having in mind my entrepreneurial spirit I searched for the latest trends regarding the subjects in which I would like to develop a project for then making a synthesis related to the area where I would like to spend my energy.

This search led to the creation of two projects: My Change and Gingko. The projects were developed by talking and discussing the ideas with people whom I trust and that had similar interests.

My two partners of My Change, were in the Human Capital service line of Deloitte. We found out together that our timings were in tune in order to launch the project. The project Gingko was founded with a partner, brother of mine, and a partner that was a professional journalist. The two projects have intersection points. One of them

is related to organizational change and the other refers to personal change, but both are related to change at the human level.

Human capital was always a subject that grabbed my attention as a business manager by trying to understand the role of emotional intelligence in the organizations.

I grew up in a Cartesian business world. However, I felt that was very important to pay attention to the importance of emotional intelligence.

People who know me didn't get surprise by seeing me involved in two projects related to the human capital."

7. In what ways did you changed your life and career after the career setback. Did the meanings of life and work remain the same?

"Life and work are not always dissociable matters. We are one integrated being, holistically speaking. I try to be an enabler between work and life.

Nowadays, I believe that mental and spiritual aspects have more weight in my life in order to achieve happiness and equilibrium. They are part of an individual transformation process.

In a professional point of view I became a better manager of my time, by being able to control more variables. Nevertheless, I continue to have a busy agenda or, as my family says, a very busy one.

I continue to work in a multi-task way, being involved in several demanding, but rewarding, start-up projects.

The projects in which I get involved are mainly passion driven and the material rewards are very little. In the future I want to develop projects in social entrepreneurship field."

8. What makes you happy in life? Is the same as before the career setback?

“I never felt that happiness could be achieved only by money or materialistic achievements. I react to materialistic stimulus because I’m in materialistic society, but that was never my driver.

Nowadays mental and spiritual equilibrium have more weight in my life, alongside with the interpersonal relationships between me, my family and friends.

I also feel thankful to be born in a part of the world that gave me access to education and health and I feel that I can give my contribution in order to improve life in society.

Even on the frenetic days before the incident I tried to achieve the equilibrium. I always look for vacations in the countryside. I define myself more as a rural person – I find inspiration and equilibrium in nature.”

9. What are your goals? What do you want to achieve in the future?

“I believe that each one of us can make the difference, even if a small one, regarding the improvement of society, environment, etc..

Today, I’m a mentor and co organizer of Green Festival – a sustainability festival, in tune with the editorial line of Gingko magazine. The goal of this festival is to work as an enabler of individual and collective inspiration regarding the creation of a fair and sustainable world. I want to continue through this path.

A person once said that wisdom is to make someone pay us for doing what we would pay to do. And that is possible. For instance, I like to travel and there are people in the world that are paid for doing that.

When I was at the hospital, I promised to one of my daughters that we would make a trip together to a non-touristic destination. We are thinking to go this year to a place where there are elements of threats and opportunities to the globalization and to the change process. We want to make a report about the different lifestyles that we will encounter, filtered by two different looks from two different generations of a father and a

daughter. Possibly we are going to the Omo Valley, in Ethiopia – the cradle of Mankind. This is just an example of something I would like to be paid for.

Today I feel happy with the projects that I have helped to develop. I feel good in my own skin.”

Interview 2 – Luís Sítima

1. In an organization, what types of events anticipate the fall of a leader?

“The leader represents a position of trust. There are several events that can anticipate the fall of a leader.

One common situation is the change of a company shareholder structure.

Other situation has to do with worse results than what was expected in the short and middle-term. It is estimated that the longevity of a CEO career, in USA, is around 18 months.

When the markets and the companies suffer a lot of pressure the leader is often the first to fall. That pressure is smaller in family own business companies where the shareholders structure is more homogeneous – here, the leader doesn't fall at the first failure.

Also, a change of a leader has to do with strategic reasons. If the shareholders want a new strategy for the company the leader aligned with the unwanted strategy eventually falls from its position.”

2. Do you believe that there is a different, or special, connection between the leader and the managed company, when comparing with the connection between a lower-ranked employee and a company?

“A high-ranked leader is rewarded by doing his job as long as he is able to be at the top. The reward originated from his activities depends on the risk taken – a leadership position is a risky one.

In the case of board members positions, the leaders have peculiar work contracts, characterized by short-term mandates, sometimes renovated in a yearly basis. Also, the notion of risk is strongly dependant of results presentation.

Churchill said that «Success is going from failure to failure without loss of enthusiasm». In this sense, I believe that the true leader suffers with failure although he/she has to accept it, while trying to find emerging opportunities.

In Portugal, there are several experienced leaders that turned CEOs and board members after having a career setback in a previous company. Examples of this situation can be seen not only in business, but also in politics, regarding ministers and secretaries of state. It would be an enormous loss for society if the skills of an experience leader disappeared after a career setback.

A leader notion of stability is a short one, therefore when a business manager becomes a leader he automatically shifts to a riskier context, while being well paid for that.”

3. What should a leader do when trying to gain the trust and followership of its coworkers after a setback?

“Having in mind Churchill quotation «Success is going from failure to failure without loss of enthusiasm», success is also going from one win to another. At Hay Group we interviewed high-ranked leaders and they all told us that, in overall, success is an ephemeral phenomenon. The main challenge is try to succeed while behaving with humbleness.

The leader has to have the capability of adapt itself to the different circumstances. The situational leadership theory presents a leader that has to wear several hats depending on the circumstance. Sometimes, in crisis situations, autocratic leaders are more suitable, while in «normal» contexts democratic leaders may flourish. A true leader faces several realities and knows how to act accordingly.

In the failure context, the leader has to act with integrity and honesty, and has to address the key points. In this sense, the leader has to be able to «touch» the employees, by giving them goals, ambitions and paths to be followed. Also, the leader has to work for short-term wins, ensuring good levels of confidence among the workers, and celebrate also the small wins. Generally speaking, the leader has to turn threats in opportunities.

The speech to be made has to be something like this «things are not quite well, we have a plan and I count on you to achieve results in the short run».

In crisis, the leader has to be able of reinvent himself. It is not an easy situation, sometimes working processes and people have to be changed.

The employees have to see the leader as a person capable of fight back adversity and bring the company to the right track.»

4. Which are the types of organizational cultures and business sectors where failure is less tolerable? And why?

«Failure is more tolerated in the public administration sector and in family own business companies.

Commonly, in the family own business companies, the homogenous shareholders structures name a trusted CEO that will not fall from its position due to a cyclical failure. An American statistical data says that family own business companies grow in average more 8% than other companies because they have a long-term vision.

There are several types of failure, with different origins. One thing is to lead a company to bankrupt, other thing is too dealt with a strategic failure at a certain moment, and a different thing is an occasional failure that doesn't make the leader fall.

In overall there is no direct relation between a leader failure and the sector where he/she is in. In my opinion, the failure degree of tolerance has to do with the type of failure and with the shareholders' trust in the designated business leader.

If the pressure is too loud, leaders tend to act with short-term vision, following a «sound bytes culture» when communicating to the media. Also, there is the case of some leaders who use unethical means for not showing a failure image (like the cases of WorldCom and Enron).

The failure spectrum must not be too strong. It has to be an equilibrium between failure and the penalties given if failure occurs.

When the shareholders structure is more solid and trusts the business leader, volatility is a weaker menace. The example can be seen in companies such as GE or Sonae that maintain leaders for long periods of time.»

5. Some critics say that a leaner organization increases the risk of a leader's fall because there are less hierarchical layers receiving the impact of a bad decision – all the problems fall under the leader responsibility. Do you agree with this argument?

“In a Zeus type of culture the leader symbolizes failure because he always shows his face for the company.

In a hierarchical organization exist more layers and sometimes the leader is the last to know about the failure, because information takes time to reach the top of the chain. The layers should be made for solving problems not for filtering the failures along the hierarchy. However, what sometimes happen is that hierarchical structures, that transform themselves into leaner ones, transfer the responsibilities upwards instead of delegating those responsibilities along the structure. On those cases there is a failure of transforming the hierarchical organization into a leaner one because strategic actions and responsibilities are centralized in the leader, and building a less hierarchical structure should not imply more centralization.

Other aspect has to do with the type of culture. In some companies the leader takes the decisions and shows the face for everything (such as the case of Steve Jobs and Richard Branson). A leader should try to rise up new leaders and that doesn't depends on the hierarchical structure depends on the culture. For instance, a company with four hierarchical layers may have fewer leaders than a company with only two layers.”

6. Which are the most common paths followed by leaders after a career setback? And what is the reaction of the market to leaders that have failed?

“Managing the career nowadays is very different from the past.

People were used to start working in a company and stay there for the rest of the career, while expecting a continuously salary raise every year.

Today is common to observe zigzagging careers with ups and lows. The peak of a professional career is not reached at the end anymore but probably somewhere in the middle.

It is common to observe former CEOs, who become board members in other companies, then they turn CEOs again, but in another company, subsequently they start their own business and later become board members in other company.

We are the entrepreneurs of our own career and the leaders, who are the more risk exposed persons, are also the ones who are more rewarded.

In the Portuguese small market, networking has a crucial role when leaders want or/and need to find a new job. In this sense, experience leaders easily find high-ranked jobs, in the same industry (namely with roles in companies' advisory boards) or in the consulting industry, because the market knows and recognizes those leaders. There are some leaders that even become gurus.

In Portugal, entrepreneurship is not the common path for a leader who has had a career setback. You don't see the leader abandon the company and start its own business.

I even say that if failure would be the engine that could push people to start developing their own businesses, then failure could be a positive thing because our economy needs entrepreneurial projects.

In Portugal the spectrum around failure is strong. Some people say that if Silicon Valley was in Portugal, the newspapers would talk about the failure cases and would not talk about the successful ones. Nevertheless there are several interesting entrepreneurial cases like YDreams, just to name one.

In Portugal is still not so common to see business leaders to pursue a career in a foreign country after a career setback.

In overall, the firing back depends on the nature of the failure. If the failure was for ethical reasons the recovery is very complex. If the leader's failure is due to strategic reasons or due to a change in the shareholders structures, the market will still recognize the value of its career.

7. Which is the role of emotional intelligence and executive coaching when a leader faces professional failure?

“Emotional Intelligence is a very wide concept. It goes from the ability to take decisions to self-confidence, self-control, etc.. Optimism is a fantastic competence observable in leaders and I believe that the big challenge is to keep up the enthusiasm in downturn situations. If one enters in the failure spectrum and don’t react he/she is not to be considered a leader.

In success and failure situations, isolation is needed. However, in failure it is also critical to listen to others, to hear their opinions and avoid entering in a spiral of doubts and uncertainty.

Failure can be transformed in an opportunity to change job, style, or life. See the case of Scott Adams that did not succeed in a company where he was working for and created Dilbert and became a guru. There are several examples like this one.

In this sense, executive coaching helps leaders to take decisions and to follow certain career paths. If a person has an abrupt failure, coaching helps by working certain abilities, while diagnosing which skills a person has in emotional and rational terms, which will allow him/her to grow.

Steve Jobs is a successful person, but he had several career setbacks. The leaders behind Cafés Delta or Bodyshop also had their problems and they recovered. In sports you can see several examples of recovery – Armstrong, in cycling, is a good example.

Coaching has an important role in supporting the decision-making process of a leader and in thinking the future, while trying to leverage the leader’s experience, and other skills, in order to try success again.”

8. Can you give me an example of professional setback that you had to deal with? What did you felt and what did you do in order to overcome it?

“Fortunately I have never had a deep career setback, but the crisis periods, personally and professionally speaking, always taught me more than the success ones.

I can describe a situation of crisis that happened some years ago at Hay Group. We were growing at 20% or 30% per year and suddenly we had a bad trimester in an economic crisis context. We had to rethink our business. Sometimes you had to take two steps back in order to move forward.

It was a process of autoscopia. We had a thought concerning what we could do different to perform better in that context.

In crisis you have to «grab» people and you have to adopt a different leadership style – the success speech is replaced by a speech that also covers the risk.

Back then we had to take several decisions and that generated anxiety. Before, we had always reached our goals and there was the menace that we would not be able to do it. The team was young and was not expecting the crisis, therefore a reaction was demanded: to give up, or to work double by transcending ourselves and keep up with our long-term assumptions.

We had to make several changes. In my case, I had to look to the mirror and say to myself that things changed and the team would have to be led in another way, from a democratic leadership style to a more authoritarian one.

The team had immense work and few instant rewards. And, even in that crisis context, we accomplished our goals. We had been awakened.

In these kinds of setbacks the challenge is to keep up the humbleness behavior that we recommend to our clients. We were not practicing those recommendations and we had to reinvent ourselves.

In the last year, the different situation occurred. It was an economic crisis year and we did not feel it like others did. The experience gained with the past situation prepared us to deal with crisis and that was crucial for ensuring the team self-control and focus on reaching our goals.

I believe that the crucial point is to look to the mirror and be able to reinvent ourselves, managing anxiety and maintaining self-control. We learn more with failure than with success – failure makes us react.”

Interview 3 – Paulo Simões

1. In an organization, what types of events anticipate the fall of a leader?

“If you grab a Fortune 500 magazine you can see that a North American CEO stays in average for 18 months in job. It’s less than most people would aspect.

In Portugal the situation is different. Business leaders last longer due to the particularities of the shareholders structures and because there are few independent CEOs. Business leaders are chosen by the families or groups that control the companies, or by the government. Therefore, CEOs in Portugal are much more shielded than CEOs in the USA or in the UK. In this sense, CEOs turnover in Portugal is relatively smaller because the decision-maker who chooses a CEO has a lot of responsibility in his shoulders and, consequently, if the CEO is fired the decision-maker capabilities are put into question.

There are several types of failure causes.

One is due to bad results in the company’s performance. This is the main topic in the USA, while in Portugal is just one more. In Portugal the pressure made by investment banks and analysts is very small when comparing with the pressure that exists in the USA. However this doesn’t mean that the CEOs should not be warned by what is said by the analysts because in companies such as PT, EDP, Cofina, Altri, etc. the majority of the float is in the hands of those investment banks that cannot actually fire a CEO but are able to influence his future in the company.

Other situation is linked with the incompetence regarding the relationship management with the shareholders. A common example can be seen with CEOs that are unfit to deal with certain ministers or political parties.

Other case is when organizations purge a leader that comes from other company. It is common to observe the whole macrostructure behaving uncomfortable and in a repulsive way when faced with a new leader.

It is observable other types of failure cause in the case of multinational companies: when a country manager feel that he/she doesn’t possesses enough decision-making capacity because there are several levels above him/her in the top of the

company's pyramid; and in cases of leaders that focus too much in the local/regional context of the business while forgetting to support the worldwide business and to do the proper reporting to the worldwide hierarchies.

Finally, there are leaders who fail due to a wrong management of the expectations. This is the case when leaders expect something different from the company, or vice-versa. Both the leader and the company should try to understand the other side expectations' in order to minimize future problems."

2. Which are the types of organizational cultures and business sectors where failure is less tolerable? And why?

"In the multinational companies is observable less toleration regarding failure. Multinationals have more mature cultures and the leader is always dependent from higher hierarchies from outside the country. In this case, the person responsible for hiring the leader is not so attached to the chosen leader in every perspective. For that reason, when things go wrong, there are no constraints regarding the firing decision.

This does not happen in more traditional cultures or in cultures where the State has a word to say. For instance, when a CEO nominated by a politician isn't doing his job properly, the politician usually doesn't take him from his position because this action would put into question the politician abilities of choosing effective people for high profile jobs.

In the management consulting industry or in the Big Four auditors case the culture is «in or out». Only a certain percentage of people go to the level above. If a person doesn't manage to go up after a few years he/she leaves the company. For instance, at McKinsey the average time a consultant stays in the company is around two years and a half. The business model is developed assuming that will exist a high employee turnover.

There are also high turnover numbers in retailing, call centers and pharmaceutical commercial structures.

In call centers, the workers are mainly undergraduate students that work there to earn some money for a certain length of time. Here, once again, the business model assumes the high turnover nature of the job.

In retailing high turnover rates happen due to the costs structure of the business model. In this case the workers are paid marginally above the minimum wage because the costs structure does not handle higher salaries. Therefore, workers leave the company when they grab an opportunity to earn a little bit more – there are no loyalty feelings regarding the company where they work.

In the pharmaceutical industry, people are better paid but there exists a culture of jumping from one company to another.”

3. Which are the most common paths followed by leaders after a career setback? And what is the reaction of the market to leaders that have failed?

“I believe that the major trend is for people to move to other industries.

In Portugal there is a dichotomy – although in Portugal exists a culture that is risk averse (unlike the American risk prone culture), leaders usually return to high profile jobs after a career setback. The candidate’s pool for the jobs is small because the market is also small.

Regarding entrepreneurship I only see it in youngsters of your age, I don’t see it in people with 40’s or 50’s years old, though there are honorable exceptions.”

4. Which is the role that executive search companies have in the fighting back process and in which extent the executive companies hold the keys to the best positions in the companies? Do you agree that every choice process at a high level involves an executive search company?

“At Egon Zehnder International we perform executive search for high profile job positions (directors, board members and CEOs) and we don’t sense that.

A few years ago a master thesis tried to measure how people, at middle and top management levels, were recruited and the conclusion was that around 20% was through

an executive search company, 80% was through direct networking and a very small percentage was through newspaper job advertisement. I believe these numbers reflect exactly the Portuguese business reality and that the executive search companies have the entrance key in 20% of the cases.

When a business leader client of mine has had a career setback, wherever the reason was, we help them. We offer career coaching because those people could become CEO's in the year next – the relationship between the executive search consultant and the business leader must be cultivated having in mind the long term.”

5. Do you agree that reputation is the main criteria for choosing a leader?

The reputation doesn't have that kind of weight in the process of choosing a leader – it's a small factor.

In the cases of multinational companies it's commonly asked to Egon Zehnder to analyze the reputation of a leader, because not always the long distance board members of a multinational company have the full notion of the particularities of a market in which they want to operate. The person chosen to occupy a high profile job can easily appear on the front cover of a newspaper and a multinational company board usually wants to know which will be the impact of choosing a certain leader with a certain reputation associated.

Nevertheless, in our own view, the reputation factor cannot be the major criterion for choosing a business leader. If the client wants to pick a person only based on its reputation we simply don't accept the mandate. For Egon Zehnder, the important is the leader's management skills.

Usually, if the choice process is done in a professional way (by an human resources director, or by an executive search company, or by a CEO), it is designed an ideal profile of the person to be chosen, according with a set of management skills (client focus profile, results driven profile, leadership skills, strategic behavior, change management skills, etc.), alongside with the levels and the experience required. The next step is to search a person that can match all of these conditions.

If the choice process is done in a non-professional way, everything can be seen. In certain industries the search for every kind of job position is done by browsing the names that appear in cell phone list numbers. In these cases a person called André is in a better position to be chosen than a person called Zulmira – here, reputation plays a major role.

6. Can you present examples of leaders who have had career setbacks and that managed to fight back? What strategies did they use? And can you tell me your own personal experience?

“I can think about several cases. For instance, I know a business leader that was dismissed from the CEO position and nowadays he regained a high profile job. In the meanwhile he was wise enough to let the time go by, working unnoticed, while cultivating his high level network.

Reputation is a very interesting phenomenon because the time usually takes care of the matter – in business and in politics.

I was a member of Pedro Passos Coelho JSD’s National Political Commission, nineteen years ago and since then I saw many politicians resurrecting after having committed huge mistakes.

Reputation per se is not a dichotomy. A person’s reputation is not zero or one, but is always zero comma something – it varies across time and it’s recoverable.

Looking back to my career, one of my bosses that taught me more was a person at McKinsey that had three piles of stuff. The majority of the people have the two piles: the in pile and the out pile. He had the in, the out and a third pile with stuff that time would take care of. With reputation it happen the same – reputation is recoverable if a person let the time go by.

Also, networking is a crucial factor in the recovery process. In Portugal there are several informal networking circles – very different from the Anglo-Saxon networking circles that are more organized and have a more notorious presence (college fraternities, private country clubs). In Portugal the networking circles are smaller because the market is small. For instance, I work with 30 thousand people which is a very small pool when comparing with other countries.

Talking in my personal case, I studied Engineer in IST and I belonged to the student council – this path led me to politics. I was a member of JSD, where I got involved in the International Relations area, while living in Brussels in the year of 1992. However the more I climbed the politics ladder the more I was disappointed. This coincided with an invite for working at McKinsey. This all happened while I was taking my master's degree.

I worked in McKinsey for two years and I went to Australia to take an MBA and taught some courses. Afterwards, I participated in A.T. Kearney launching in Portugal and then Paulo Fernandes invited me to Cofina where I was named Executive Board Member at Confina.com. I was there for two years, since the beginning until the time we owned several companies.

Subsequently I went to Egon Zehnder where I'm part of the executive search team and of the global team that deals with assessment and development of leaders.

Some studies proved that the personal adversities have a brutal impact in a professional career. When making a leader assessment we look beyond the professional life. In Portugal that's difficult to do because people see that has some kind of intrusion of an individual private life.

The biggest impact that I received in my life was when my wife died from cancer, leaving a two- year-old daughter. It was a very dramatic experience for me and I started to look at life in a different way. Presently, I look at each day has a gift and I try to live everyday in the best way possible, living life to the fullest and not worrying about big plans, because in the long run we are all death.”