


# EXECUTIVE HUBRIS

*How To Check Your Ego and Avoid Ruining  
Your Company and Your Career*

By Mathew Hayward

**HUBRIS**

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## 1. CHECKING OUR EGOS IS NOT AN OPTIONAL EXTRA FOR PROFESSIONAL AND PERSONAL SUCCESS.

If you are going to have a successful career and life, you are also going to have to learn how to check your ego. Don't take it from me. Instead, heed the wisdom of successful executives which I lay out in my book, *Ego Check*.

Warren Buffett is the most successful investor of our time. Buffett openly accepts that the worst decision he ever made was to invest in the US airline industry. Why did he make this terrible mistake? "I was neither pushed into the investment nor misled by anyone when making it. Rather this was a case of sloppy analysis, a lapse that may have been caused by...hubris," said Buffett.

Jack Welch was arguably the most successful manager of the 20th century, overseeing an increase of \$400 billion in market capitalization at General Electric over twenty years. Ask him about the worst decision he ever made, and he will tell you that it was to buy the investment bank, Kidder Peabody. What went wrong? "I got too full of myself," says Welch, who believed that he could integrate Kidder's investment banking mercenaries into GE. Know also that his most trusted advisors had told him that he was kidding himself and had pleaded with him to call the deal off.

Perhaps you think that an out of control ego only applies to CEOs. Nothing could be further from the truth. Look for ace college graduates who have just joined your firm. I will wager that many of them have let their collegiate success get to their heads and that they just can't understand why they're under-appreciated or worse. Hear the complaints of middle-level executives that the rug has been pulled from under them as they try to pursue projects when, in truth, they have misread the political realities of their jobs. Out of control egos extend far beyond business, to doctors who fail to get second opinions and let their patients suffer at the hands of elective surgery, to highly talented professionals who overestimate their investing capabilities.

Hubris is so pervasive because we have to be supremely confident to be successful in business and life; and the line that separates supreme confidence from an out of control ego is razor thin and can be crossed in an instant. Any sales person who is not 100% confident about winning a prized customer risks losing the customer to a competitor. There is wisdom in the cliché which is variously attributed to Henry Ford and Mary Kay Ash, “If you think you can, you can. And if you think you can’t, you’re right”. The danger is that as we become more successful, we become ever more vulnerable to hubris.

It’s not as though we haven’t been warned. The ancient Greeks told us that hubris will be man’s cardinal sin. But that did not stop British Prime Minister George Grenville from overestimating his ability to tax the American colonies; it did not stop Napoleon from trying to conquer Russia; and it did not stop Hitler from invading Poland. And today we have to question whether hubris is alive and well in the White House.

Remember, hubris will needlessly damage your career and company unless you take a stand. Take hubris out of your decisions and actions. After all, hubris is not the result of a defective personality, it results from the false confidence that induces defective decision making.

*Ego Check* has been written to outline those false sources of confidence; and to outline what they mean for checking our egos.

## 2. KNOW THE FALSE SOURCES OF CONFIDENCE THAT DRIVE HUBRIS, AHEAD OF TIME.

Fundamentally, hubris arises when we misread ourselves and our situation. It's the result of four incredibly pervasive dynamics.

### **A. Getting too full of ourselves.**

As Jack Welch flagged, excessive pride leads to a contrived view of who we are and an inflated view of our achievements and capabilities, one which often depends on external validation. This is a question of purporting to be more than we are or thinking we are someone we are not. Most lay people who fancy themselves as active investors will know what I mean.

### **B. Getting in our own way.**

Our pride can lead us to tackle single-handedly decisions or actions that could be better addressed by or in conjunction with trusted advisors or a foil. There are obviously going to be times when we are not fit to decide either because the situation is not right for us or we don't have the right skills. Only by having the right foils around us will we avoid this trap, as Carly Fiorina discovered the hard way at Hewlett Packard.

### **C. Kidding ourselves about our situation.**

We indulge in false confidence when we fail to see, seek, share, and use full and balanced feedback to gain a more grounded assessment of our situation. We need accurate, pertinent, timely, and clear feedback, whether positive or negative, to ground our knowledge about what's going on around us. As Merck executives illustrated in their handling of Vioxx, that's easier said than done given that our projects take time to complete; and the feedback that we receive from colleagues and customers is usually delayed and inaccurate.

#### **D. Failing to effectively manage tomorrow today.**

Because we may not know whether we're acting with unhealthy confidence, we need to manage the consequences of our decisions ahead of time. This is a question of playing out, rather than planning out, the consequences of our decisions. Whereas experimenting and probing allow us to see the consequences of our decisions firsthand, planning can increase our confidence without increasing our ability to complete the tasks at hand. Unfortunately, finance techniques, especially net present value methods, are prone to heroic assumptions.

Take one fabulously successful executive, Dean Kamen, whose failure to manage his ego cost him and his venture, the two-wheeled self-balancing scooter that riders operate while standing, the Segway, dearly. As background, Kamen is one of the most brilliant product developers of our time, winning the Lemelson-MIT prize, perhaps the most prestigious award for invention.

When Kamen started selling Segways in 2001, he proudly pronounced that the Segway would do to the car what the car did to the horse and buggy. Getting too full of himself, he seemed to overestimate his managerial capabilities, assuming general management responsibilities when his experience has always been as an inventor. Believing his own press, Kamen built a manufacturing plant in New Hampshire capable of making 40,000 Segways a month. The obvious solution was for Kamen to deal with his managerial deficiencies by hiring and trusting the right managers. Instead, his controlling style turned executive suites into revolving doors for new talent.

Rather than accept the realities of anemic sales for the Segway, Kamen boldly announced in August 2006 that he was targeting a measly 0.1% of the total global population (over 6 billion people), translating into sales of 6 million units at \$5,000 a pop. The very next month an embarrassing product recall forced him to disclose that 23,500 Segways had been sold since 2001. Remember the company is setup to produce 40,000 units a month.

By this point you may be thinking that all of this wisdom is after the fact, the 20/20 benefits of hindsight. Of course the real trick is to cut hubris off at the pass, ahead of time. For that to happen, you must think of false confidence as you would think of cholesterol: There is good cholesterol and bad cholesterol, bad cholesterol produces heart disease and, therefore, knowing what goes into bad cholesterol will protect our hearts. By the same token, there is real confidence and false confidence, false confidence produces hubris and, therefore, knowing what goes into false confidence helps to prevent hubris. Obviously, however, there are no guarantees.

In my academic research and interviews with over 200 executives that is captured in *Ego Check*, I have determined that it boils down to managing each of the four sources of an out of control ego more effectively. Here are some snippets from the book.

### 3. KEYS FOR MORE EFFECTIVE EGO MANAGEMENT.

#### **A. Successful Executives Have a Grounded Sense of Pride.**

Think of your pride along two dimensions. One is whether you feel good about yourself from doing a good job or whether you get your jollies by realizing ‘extrinsic’ rewards, most typically wealth, status and admiration. The other is whether you are candidly getting the best data about your performance and capabilities or whether you are being fed flattering data and whether you discount negative data about yourself. At all times, we must strive to be in the quadrant where we get intrinsic joy from doing a good job and work hard to get the best available data on just how good a job we do.

## **B. Successful Executives Have People in Place to Tell you That You're Running Around Buck Naked and Don't Look Like Brad Pitt.**

This is what I call having the right foils or what my colleague here in Boulder, Colorado, Jim Collins, calls having your own personal Board of Directors when you are not CEO. You will need someone who you can trust and whom you are even fond of, someone who is not after your job. Invariably, this reduces your list of foils to a small number of people whom you have worked with closely for some time. You will need someone who can make you better: You must have a business reason to go to your foil; and that reason is that he or she has skills and experiences to make you better. When the two of you can do the same thing, one of you is redundant. You must have someone who shares your agenda, knowing that both of you are committed to doing compatible things in complimentary ways.

## **C. Successful Executives Get and Use the Best Available Feedback About Their Situation.**

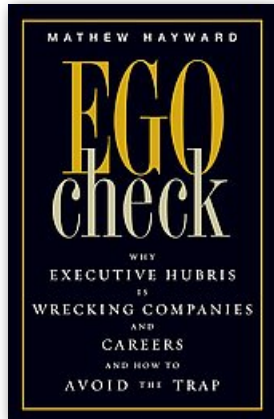
As we discussed, the reality is that we tend to get lousy feedback on our projects; and we often lack the motivation to act on it because we want to position our projects in the best possible light. We've got to do what we can to break that cycle to use every opportunity to get more prompt and accurate feedback; and we've got to discipline ourselves to vigilantly deal with it. The book outlines a set of techniques for doing this. Above everything else, this will produce great judgment, which is a question of being highly confident and right!

## **D. Successful Executives Plan by Acting not Forecasting.**

Earlier we talked about Dean Kamen's forecasts and the over-investment that they produced. Contrast that with Southwest Airlines founder, Herb Kelleher's, approach to planning, "We have a plan. It's called doing things." Forget spreadsheets, this is about product trials and errors, probing customers to establish your value proposition, and trying different 'best practices' to see what will work for you and your company. Only by acting can you truly experience the consequences of your decisions ahead of time. Unfortunately, most planning just makes us more confident, softening us to the challenges that truly lie ahead.

It's up to all of us: Make the commitment to systematically check your ego in every important professional and personal decision in your life. Take the time to learn the false sources of confidence and how to manage them. Or needlessly live with their consequences.





## BUY THE BOOK

For more details or to buy a copy of Mathew Hayward's *Ego Check* [click here](#).

## ABOUT THE AUTHOR

Mathew Hayward, PhD, worked as a consultant with Accenture and an investment banker with UBS. In 1992, he left the corporate world for academia to pursue a doctorate at Columbia University in New York. He is now an assistant professor at the Leeds School of Business at the University of Colorado, and his writing has appeared in *The Economist*, the *New York Times*, *Harper's* magazine, and *USA Today*. Hayward is the author of [Ego Check: Why Executive Hubris is Wrecking Companies and Careers and How to Avoid the Trap](#).

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