

7 biggest mistakes a CEO can make

vistage.com/research-center/personal-development/20201109-ceo-mistakes

November 9, 2020



When CEOs are willing to learn, mistakes become an advantage. As Jack Welch, former chairman and CEO of General Electric, once said, “I’ve learned that mistakes can often be as good a teacher as success.” Under Welch’s leadership, GE was hugely successful, its market value growing by a stunning \$398 billion.

But when mistakes are unchanging and repeated, their lessons unheeded by CEOs, they become destructive.

Consider the case of Philip Clarke, former CEO of U.K. grocer Tesco. In 2014, it was revealed that Tesco had overestimated its half-year profits by more than \$300 million (£264 million). Tesco executives faced an investigation, its shares dropped, and its credit rating went under review. Clarke avoided fraud charges, but in 2014, he was ousted by the company’s board.

Clarke isn’t the only CEO who has erred. In 2019, CEO turnover hit a record high. Much of this turnover is likely avoidable — small mistakes accruing over time, a dastardly form of compound interest.

To avoid common pitfalls, it’s helpful to be aware of seven of the biggest CEO mistakes:

1. Taking shortcuts to growth

Learn from Clarke's example: Rather than being honest, Clarke and Tesco executives cooked the books, a shortcut that hurt the company. It's an extreme example, but many short-cuts are similarly short-sighted.

CEOs have a responsibility to develop their company and make it better in lasting ways. This is not easy: Growing takes planning, rigor and determination.

And CEOs must grow, too—this means being just as honest when they've done well as when they've made a mistake.

2. Never stepping away from the business

Microsoft co-founder Bill Gates, the second richest man in the world, says that no matter where he is — home, the office, on the road — he always has a stack of books with him.

“It is one of the chief ways that I learn, and has been since I was a kid,” Gates said. “These days, I also get to visit interesting places, meet with scientists and watch a lot of lectures online. But reading is still the main way that I both learn new things and test my understanding.”

CEOs would be wise to take a page from Gates's book, taking the time to slow down, learn and think. Workaholic CEOs are likely heading toward burnout, whereas CEOs willing to step back and learn are likely headed toward healthy productivity.

3. Relying solely on their own perspective

Success on a grand level takes more than one mind. CEOs must have a vivid mental picture of the company, which means hearing feedback and other perspectives.

Vistage speaker AmyK Hutchens said that when CEOs ask for feedback, they need to listen to and absorb the information rather than interrupt with defensive comments. After hearing feedback, leaders then must think about its truth and how they can use it to help the company grow.

4. Having an ego

As Ryan Holiday, author and founder of creative agency Brass Check, wrote in his book “Ego is the Enemy”: “When we remove ego, we're left with what is real. What replaces ego is humility, yes — but rock-hard humility and confidence. Whereas ego is artificial, this type of confidence can hold weight. Ego is stolen. Confidence is earned.”

The best CEOs take this advice to heart. They're curious, inquisitive and willing to admit when they're wrong. They know that ego is fragile, while truth — even if uncomfortable — is solid.

Vistage executive coach Beth Miller said that CEOs can improve their curiosity — an ego-free activity — by learning to ask better questions. Great questions create clarity, are open-ended and make people think critically, she said.

To learn more about how to ask great questions, download Vistage's [Journey to the Summit: The CEO's 7 Laws of Leadership](#). CEOs will also learn how to reveal their blind spots, make space for more reflective thinking, and keep a journal that will help them tune into their purpose. All of these lessons are weapons in the fight against ego.

5. Making erratic decisions

There's no single, proper decision-making process, said Vistage CEO Sam Reese, but CEOs must have a conscious process for making decisions that lead to consistent results. Erratic decision making is a hallmark of the error-ridden executive.

As an example of one solid decision-making process, former President Dwight Eisenhower used a [decision matrix](#). With it, Eisenhower saw what should be done first, scheduled, delegated and not done. This helped him save time and know his priorities, both of which made it easier to make consistent decisions.

6. Not finding a good guide

Isaac Newton, one of the key figures of the scientific revolution, famously quipped that if he had seen further in his work, it is because he stood on the shoulders of giants. By this, he meant that his work was made better by scientists who had worked for centuries before him.

CEOs should learn the same way: Be humble and ask a [mentor or coach](#) for help.

Although many CEOs make the mistake of thinking that they're in an utterly unique situation, successful CEOs know this isn't true. They value [trusted peers](#) and guides who tell them of their experiences, point out blind spots, and challenge them.

Much like the best CEOs read widely, trusting authors and experts to give them new information, CEOs should find peers, coaches and mentors who can give them new perspectives.

7. Focusing entirely on their own growth

No CEO exists in a vacuum. Within each organization, there's a world of people making decisions — those decisions should matter to CEOs.

The best CEOs frequently help others think and make better decisions. In turn, this helps the CEO — if a CEO is able to help someone else through a situation, they'll be better able to take on similar situations when they face them.

Helping others is simply part of being a good CEO. As Vistage Chair Darrell Jackson says, “When people help you, you have the responsibility and obligation to help others.”



FREE
PDF Guide

Journey to the Summit:
The CEO's 7 Laws of Leadership

These 7 fundamental truths for peak performers will take your business, and your life, to a whole new level.

Download Now!

Vistage facilitates confidential peer advisory groups for CEOs and other senior leaders, focusing on solving challenges, accelerating growth and improving business performance. Vistage member companies grow 2.2x fa...

[Learn More](#)