

Hi, this is Wayne Rivers at FBI, and *We Build Better Contractors*. Don't forget about our January 27<sup>th</sup> Boot Camp. The class is half full already, and I'm recording this in mid-October. The class is half-full. Go ahead and sign your people up now or the seats will be taken. We only have 36 seats, so they're going pretty fast. So, sign your folks up now and we appreciate that.

This week I want to talk about every leader has flaws. Dennis says all the time that we are all flawed leaders and he's right. There's no such thing as a perfect leader. When I find a perfect leader, in a perfect construction company, by gosh, I'm going to get behind this camera and I'm going to let you know immediately. It's been 30-plus years and I've found some great leaders in some great remarkable companies, haven't found a perfect one yet. So, we're still looking.

Senior leaders cast long shadows over their organizations. We don't think about it as senior leaders, but our companies take on our personalities, they reflect our personalities. If you're a jerk, you might have a jerk organization. If you're a super caring person, you probably have a super caring organization. If you're like most of us in the middle somewhere, your organization reflects differently. But the senior leaders really, really cast long shadows, and some flaws are more damaging than others. So, if I'm five minutes late for every meeting, that could be a pain. But if I have personality flaws, or I'm too excessive in one area or another, that could create other problems in the organization.

So, what about this is important to you? Why do I bring it up? Well, I'm going to give you three types of leaders that tend to be troublesome in construction companies, and other companies as well, I'm sure. This might help do a little self-diagnosis and maybe give you some ideas for self-improvement or courses that you might need to take, books you need to read, et cetera, et cetera.

The first kind of senior leader is the overconfident leader, and this really, really, really applies to founders of companies. To a lesser degree, second, third, four generation leaders. Founders of companies are always overconfident. And why is that? You think about it? Why is that? Senior leaders, people that are founders, they started with nothing. They started with an idea, a capacity for hard work, a desire to be successful, probably quite nebulous in the beginning. And they started and they did some stuff and they went up a little, they went up to a new plateau, and maybe they started to hire some people and got to a new plateau. And eventually they went from \$0 in revenue to 50 million in revenue during the course of a 25- or 30-year working lifetime. And they overcame not just a few, or a handful, or dozens, they overcame hundreds and thousands of challenges. They always came out smelling like a rose somehow.

And they think now in life, "I'm 65 years old, we're a \$50 million company. Look at how successful I am." Their founders are probably, in successful construction companies, more successful than they ever dared to dream they would be when they were 30-year olds. So, they look back and they say, "My life has been overcoming one challenge over another for the past 30 years. What? Why should I worry? I mean, if a challenge comes on, just handle it." Well, I've talked several times about the book *What Got You Here Won't Get You There* by Marshall Goldsmith. And that is absolutely true in a construction company. Terrific. Congratulations. You really have been successful. You really have overcome so many challenges and now you're a \$50 million contractor. That's great.

I'm here to tell you, friend, if you want to be a 100-million contractor or a 150-million contractor, or even a 50-million contractor with much higher employee engagement, you're going to need to reinvent. You're going to reinvent periodically. You just absolutely have to do it. The world is different today from what it was even three years ago. The challenges are dramatically different. So, reinvention is a key. And these overconfident leaders have a hard time deviating from the things that made them successful to get to 50. The things that the things that made them successful to get to 50 are probably going to hold them back as they try to get to 75 or a 100. They've got to stop doing tax asks and start managing people. And that's so hard for founders to do because they're all about the hard work.

All right. The second type is the impulsive leader. And this is the shiny object. "So, we're really super focused. We're going to focus this year on X. Oh my gosh. I just read a book and it said Y." And now you're onto a new thing, and then it's Z, and then it's something else. And Dave, you know who I'm talking about. One of our members, his people gave him a literally a shiny object to put on his desk to remind him not to be distracted by too many shiny objects. But these guys and girls leap from initiative to initiative, idea to idea, earthshaking idea to earthshaking idea, everything is the latest and greatest, and it's exhausting. It's disruptive. And the worst thing is that these leaders undermine their credibility because they say on January 2<sup>nd</sup>, "This year we're going to do X." And then by February 15<sup>th</sup> it's something else. And then by June, it's something else again. And your people become very skeptical. So yeah, there probably is a great earthshaking idea out there, but you've overwhelmed them. You said the sky is falling, in a sense, so many times, why would they believe this initiative is going to be any different from the others?

And then the third kind is the rigidly controlling, domineering, sort of leader, the micromanager. It's the buck stops here on steroids, because everything has to go through that choke point. Every decision, no matter how small, has to go through that choke point. We want to put a sign on the front door for the mailman to do this or that. "Well, nobody asked me." I literally have a story about a company, and this wasn't a construction firm, but their power bill, I don't want to embarrass anybody, but their power bill each month was like \$200,000. It was a really electricity intensive company. They consumed electricity in buckets and a couple hundred thousand dollars a month to pay for electricity.

And an employee sent a \$13 FedEx package without the CEO's permission. He tore that company apart to file the culprit who had the temerity to send a \$13 FedEx package without his permission. Now, how foolish is that? \$13 in the context of, I'm not saying be profligate, but \$13 in the context of a company that spent a couple hundred grand only on its electric bill each month? That is penny wise and pound foolish. People who work for these rigidly controlling, highly dictatorial people find that there's little psychological safety. If I'm going to turn the company upside down to find the culprit who sent a \$13 package, what transgression won't be micromanaged, won't be super evaluated? So, people become fearful. They know that if something goes wrong, a ton of bricks is going to fall on them. And what kind of environment is that for people to take an initiative?

All right, now, four tips. If you've self-diagnosed and you find that you might fall into one of these things. Begin to encourage healthy debate, healthy disagreement, in your company. It's going to take some training for you. It's going to trade some training for your people. But begin to encourage healthy debate and let them know it's okay to challenge the senior leader.

The second thing is find people who will challenge you. The people who will challenge you, give them air, give them floor space, give them time, so that other people can see it's okay and that will encourage others to step forward.

The third thing is build your big picture strategy and stick to it. So, you work with your team, your best people, you develop your overarching strategic plan. You communicate it and evangelize it to the field. Stick to the plan, unless something awful happens. There's some horrible economic disruption or something like that. Stick to the plan, evangelize the plan, no shiny objects to distract.

And then finally, invest time and effort with risk-taking peers. That I think is the biggest value in our peer groups, and whether it's a board of directors or a Vistage or whatever, find a way to interact with people that are in your shoes, that are senior leaders in growing companies. And it doesn't even matter which industry in some cases, but people that are willing to stand up to you. People that are willing to challenge you and hold you accountable for your own good, because they have nothing at stake. They don't work for you. They don't live in the same house with you. They don't depend on you in any way for their success. They're successful in their own right. Find a network of risk-taking peers that can help you be more accountable and challenge you to do the things that you probably in your heart know that you ought to be doing anyway. We'd love to have your comments. This is Wayne Rivers at FBI, and *We Build Better Contractors*.