

# The Hidden Risks of Executive Dysfunction: A Guide for Board Members

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## Executive Summary

Board members play a crucial role in shaping the strategic direction of organisations. However, one of the most overlooked threats to corporate success is leadership dysfunction at the executive level. When senior leaders suffer from blind spots, poor communication, or a lack of vision, the consequences can be devastating—leading to misaligned strategies, disengaged teams, and eroded shareholder trust.

In my book, *The 7 Dysfunctions of Leaders*, I outline seven key dysfunctions that can derail leadership. For board members, understanding these dysfunctions is essential—not just for their own effectiveness, but to ensure their executive teams operate at peak performance. This article explores these dysfunctions, the risks they pose at the executive level, and what boards can do to mitigate them.



## Self-Ignorance: The Silent Killer of Decision-Making

**Risk:** Executives who lack self-awareness make decisions for the wrong reasons—ego, fear, or unchecked biases. This can lead to strategic missteps, poor leadership culture, and a lack of credibility with employees.

**Example:** A CEO insists on a major expansion despite market signals suggesting otherwise. The decision is driven by a personal legacy goal rather than objective business analysis. Board members only realise the problem when financial losses mount.

**Key Board Question:** How well do our executives understand their own leadership drivers, strengths, and blind spots?

## Isolation: The Executive Echo Chamber

**Risk:** Senior leaders who insulate themselves from diverse perspectives lose touch with operational realities and market shifts. This fosters groupthink and missed opportunities.

**Example:** A CFO exclusively consults a small, like-minded circle, dismissing insights from middle management. A looming supply chain crisis goes unnoticed, leading to severe disruptions.

**Key Board Question:** Are our executives actively engaging with diverse stakeholders, both inside and outside the organisation?

## Poor Communication: The Source of Misalignment

**Risk:** If executives fail to communicate clearly and consistently, confusion, resistance, and disengagement spread throughout the organisation.

**Example:** A Chief Strategy Officer rolls out a digital transformation plan but uses vague, jargon-heavy messaging. Employees resist the change, viewing it as an imposed, unclear directive.

**Key Board Question:** Do our leaders effectively translate strategy into clear, compelling narratives that inspire action?

## Lack of Vision: A Company Without a Compass

**Risk:** Without a compelling vision, executives struggle to attract and retain top talent, align teams, and drive meaningful change.

Example: A newly appointed CEO focuses only on short-term cost-cutting without articulating a future direction. Employees feel directionless, and high performers start leaving.

Key Board Question: Does our leadership team inspire with a clear and engaging vision for the future?

## Dispersion: The Trap of Doing Too Much

Risk: Leaders who lack focus spread resources too thin, causing inefficiencies, frustration, and burnout.

Example: An ambitious COO launches multiple initiatives simultaneously without prioritisation. Projects stall, and teams struggle to maintain momentum.

Key Board Question: Are our executives making clear trade-offs and prioritising initiatives that drive the most value?

## Mistrust: The Enemy of High-Performance Teams

Risk: A culture of distrust leads to disengagement, fear-based decision-making, and a lack of innovation.

Example: A CMO micromanages every decision, second-guessing their team's expertise. Innovation stagnates as employees become risk-averse.

Key Board Question: Are executives fostering a culture of trust, autonomy, and psychological safety?

## Exhaustion: The Cost of Unsustainable Leadership

Risk: Overworked executives set a dangerous precedent, leading to burnout, poor decision-making, and talent attrition.

Example: A high-performing CTO takes on too much, neglecting delegation. Their eventual burnout leaves the organisation scrambling for continuity.

Key Board Question: Are our executives modelling sustainable leadership behaviours that promote long-term performance?

# The Board's Role: Safeguarding Against Leadership Dysfunction

As stewards of the organisation, board members must proactively assess and address leadership dysfunctions. This means:

- Regularly evaluating executive self-awareness, communication, and decision-making.
- Encouraging leaders to seek diverse perspectives and challenge assumptions.
- Ensuring strategic clarity by questioning vision, priorities, and alignment.
- Monitoring organisational trust and psychological safety.
- Championing sustainable leadership to prevent burnout and talent loss.

Dysfunctional leadership is not just an executive problem—it's a boardroom issue. By identifying and addressing these dysfunctions, board members can play a pivotal role in building resilient, high-performing organisations.

## Final Reflection

What is your role in ensuring leadership excellence at the highest level?

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