Leadership in Business and Football:
The Peter Principle in Action

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At the end of the National Football League Season of 2006-2007, the San Diego Chargers, who had lost only two games in the regular season, fired their head coach, Mart Schottenheimer, who had resurrected the Chargers from mediocrity over several seasons. His unforgivable sin? Failure to win “the big one.” In his tenure as head coach of the Kansas City Chiefs, he had a similar experience: he built a football team that had excellent regular-season records, but failed to get to a Super Bowl, or sometime even deep into the playoffs.

Schottenheimer was replaced as head coach in San Diego by Norv Turner, an “experienced” head coach—stints at the Washington Redskins and Oakland Raiders were both on his résumé. He was fired from both for failing to achieve even winning records. Before and in between these stints however, Turner had highly successful engagements as an offensive coordinator with the Dallas Cowboys, Miami Dolphins, San Diego Chargers, and San Francisco Forty-Niners. He succeeded Schottenheimer from the latter position.

Turner was clearly a successful offensive coordinator. Troy Aikman, Dallas Cowboys Hall of Fame quarterback and winner of three Super Bowls, credits Turner with his career success. While the Cowboys were undoubtedly his most noteworthy offensive coordinating success, he was no slouch in other such positions with other teams. The San Francisco Forty-Niners were only his latest success (in 2006).

But this year the Chargers, despite being virtually the same team they were under Schottenheimer, virtually crashed in the standings this year. Neither the Washington Redskins nor the Oakland Raiders ever succeeded under this exceptional offensive coordinator when he was their head coach. Why not?

Success at One Level Does Not Equate to Success at the Next

The phenomenon isn’t limited to the professional level. In the mid-1990s, University of Southern California (USC) Athletic Director Mike Garrett gave up on the four-year return of John Robinson, who had been USC’s head coach in the late 1970s and early 1980s. He hired an “offensive genius,” Paul Hackett, who had been quarterbacks and receivers coach under Bill Walsh at the San Francisco Forty-Niners and Dallas Cowboys during the 1980s. Hackett parlayed that success into a head coaching job at the University of Pittsburgh, where he promptly fell on his face and was released after three years in 1992. Returning to pro football as offensive coordinator with the Kansas City Chiefs, Hackett installed the famous West Coast offense he had learned under Walsh. Over his career, Hackett's teaching has been a who's-who of NFL quarterbacks, including the 49ers' Joe Montana, the Falcons' Steve Bartkowski, Rich Gannon at Kansas City, and the Jets' Chad Pennington. Like Turner, Hackett was clearly a success as an assistant coach, and just as clearly a failure in his two college head coaching stints. Why?
Fast-forward to 2004. After eight years of frustration and two coaching changes, the University of Notre Dame hired Charlie Weis, offensive coordinator of the New England Patriots under head coach Bill Belichick. With three Super Bowl victories to his credit and claiming credit for having “developed” Patriots quarterback Tom Brady into the top quarterback in the National Football League, Weis seemed to Notre Dame like the second coming of Knute Rockne—a return to the glory days was imminent. For his first two years, Weis showed some promise of delivering on this hype. His 9-2 and 10-2 records in his first two years (albeit with his predecessor’s players filling all major roles on both sides of the ball) got Notre Dame into two BCS Bowls, where they were thoroughly thrashed each time, extending Notre Dame’s streak of eleven consecutive years without a bowl game victory.

So far in 2007, with nearly all of his predecessor’s players (particularly the so-called “skill” players) graduated, transferred, or departed early for the National Football League, Weis finds himself the possessor of some dubious records: most losses of any Notre Dame team (9) since 1889, most consecutive home losses, the snapping of a 43-year streak of consecutive victories over the U.S. Naval Academy, and a ranking of 119th out of 119 Division 1A teams in a number of statistical categories. It is highly likely that only the ill-advised 10-year, $40 million contract extension Notre Dame bestowed on Weis after half of his first year stands in the way of his being unceremoniously shown the door, too, as was his predecessor and Hackett at both Pittsburgh and USC. Why has this happened?

Underwhelming Expectations: Not Limited to Sports Coaches

This phenomenon is not limited to the football arena. It occurs in the business world as well. Perhaps the most visible example is General Electric (GE). When GE’s astronomically successful CEO, Jack Welch, retired in 2001, he was replaced by Jeffrey Immelt, whose subsequent record at GE, while not a disaster, has not continued his predecessor’s success.

A similar thing happened at Hewlett-Packard, with even worse consequences. Outgoing CEO and chairman Lewis Platt, who had steered Hewlett-Packard to exceptional success after taking over for retiring chairman David Packard, was replaced by Carly Fiorina. Fiorina was the first female chairman of a major corporation, Philips Consumer Communications, in 1997. She moved to a group president position at Lucent Technologies after Philips Consumer Communications dissolved a year later. Fiorina engineered Hewlett-Packard’s merger with Compaq Computer, a move that was not well received by the stockholders, including the founders’ families. The merger created a “digestion problem” for Hewlett-Packard and damaged the company’s treasured “H-P culture.” Fiorina was forcibly shown the door by a recalcitrant board of directors in 2005. Why did all this happen to the most successful businesswoman in America?

The Peter Principle

It’s not uncommon for an otherwise successful individual to attain a level of authority and responsibility exceeding their capabilities. This phenomenon was recognized as early as 1968 by Laurence J. Peter, in his landmark book, The Peter Principle, which described the upward, downward, and lateral movements of people within a hierarchical organization. [1]
Essentially, the Peter Principle suggests that people are promoted, based on effective performance, to higher and higher levels in an organization until they reach the maximum level of their competence. Once that happens, if they are promoted higher, they will usually fail, and perhaps revert down a level.

The employee's incompetence is not necessarily exposed as a result of the higher-ranking position being more difficult — simply, that job is different from the job in which the employee previously excelled, and thus requires different work skills, which the employee usually does not possess. For example, a factory worker's excellence in his job can earn him promotion to manager, at which point the skills that earned him his promotion no longer apply to his job. [1]

The problem manifests itself when people are called upon to perform duties in their new, higher-level jobs, for which they have had no training, experience, preparation, or predilection. Consider, for example, the technical organization that depends heavily on its large, diverse engineering department. When the time comes to appoint the new engineering department head, who does higher level management choose? Frequently, it's the “star” engineer—the one often acknowledged as the “best” engineer.

But even in an engineering department, the responsibilities of the boss involve a skill set substantially different from those of a high-performing engineer, such as people skills, organizational planning and management skills, and—most important of all—leadership, a topic not usually required in engineering school curricula. Yet for most “star” engineers, these skills may be largely absent, or at best imperfectly developed on the job.

**Football Revisited**

Let’s go back to the domain of football and consider it in the context of the Peter Principle. Offensive wizards such as Turner, Hackett and Weis are accustomed primarily to dealing with the X’s and O’s of designing plays, and with calling those play (for the offense) during games. They are expected to be primarily teachers and developers of their offensive ball handlers, the quarterbacks and receivers, and to a lesser extent the running backs. Even the particulars of offensive line play are the purview of line coaches specifically appointed to those jobs. Their jobs are mostly technical, and require human relations skills only to a limited degree. The offensive coordinators become masters of the offensive scheme, the individual match-up with defenders. They’re tightly focused on all things related to moving the ball.

Contrast this with the head coach, who—unless he’s a micromanager (and many are)—usually confines his attention to the larger scale issues of player personnel, coordination of the various squads (offense, defense, and special teams), motivation, overall team leadership, and relations with team ownership or university administration. Head coaches may be their own offensive or defensive coordinators, and they may do a very good job in those roles. But they’d also better be good at those other duties unique to head coaching.

Obviously, more factors than coaching alone determine success. Talent is clearly a big contributor. But even in these days of free agency, the San Diego Chargers are playing this year with essentially the same talent they had last year. What’s the difference? The head coach was an offensive coordinator from the Forty-Niners with a different operating philosophy than
Schottenheimer had. And unlike Schottenheimer’s prior record with the Kansas City Chiefs, Turner’s record as a head coach was checkered at best and mediocre at worst. A persuasive case supporting the hypothesis of the Peter Principle at work.

Paul Hackett came to USC with sterling credentials as an offensive coordinator and quarterback coach, at both the professional and college levels. Three years later, the USC athletic director gave him his walking papers for the Trojans’ disappointing performance, despite evidence of fairly good recruiting classes. He was replaced by Pete Carroll, a defensive specialist for many years at the professional and college levels, but who also had a winning record as a head coach, both with the New York Jets and the New England Patriots. Within two years, largely with Hackett’s players, he took USC to the Orange Bowl and a year-end ranking of #3. The following year, USC won a share of a split national championship and the BCS championship the year after that. The following year, USC came within 19 second of its third consecutive national championship. Universally recognized as a superlative recruiter, leader and motivator, Carroll is a persuasive example of the Peter Principle by exception.

Charlie Weis came to Notre Dame with equally impeccable offensive coordinator credentials and the promise of “a schematic advantage” in every game. Three years later, Notre Dame is hoping to escape the 2007 season with more than one win to its credit, dissentions its fan base, and rumors of division among team members. The Fighting Irish have underperformed teams with far less talented recruiting classes. Weis is learning on the job that there is more to head coaching than X’s and O’s—and Notre Dame is paying him $4 million a year for the privilege of learning on the job.

Conclusion
Football and business are more alike than most people think. Both are hierarchical structures composed of people. Both require significantly different skills to lead and manage successfully than they to operate technically in an effective way. And those at the top of the organizational structures of each often make the same mistakes about the qualifications required to succeed in leadership positions.

ENDNOTES: