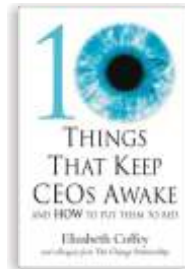




10 Things That Keep CEOs Awake

And HOW to put them to bed



Author: Elizabeth Coffey
Publisher: McGraw-Hill Business
Date of Publication: 2003
Number of Pages: 218 pages
ISBN: 0077099893

■ About the Author

Elizabeth Coffey

Elizabeth Coffey joined Mercer Delta Consulting Limited in late August 2002 as a Partner and UK Team Leader for the Leadership Capabilities practice. Mercer Delta is a management consulting firm that works with CEOs and senior executives of major corporations on the design and leadership of enterprise-wide change.

Previously, she spent five years as a Partner and Senior Executive Coach with The Change Partnership, developing a portfolio of clients from top FTSE 100, top 250 companies and public sector organisations. Her latest book on leadership was published by McGraw Hill in October 2002, entitled *10 Things That Keep CEOs Awake At Night – and How To Put Them To Bed*. She co-authored the book *The End of Tolerance?*, published in May 2002, outlining her practical approach to business diversity issues.

In 1999, Elizabeth co-authored *The Changing Culture of Leadership – Women Leaders' Voices* – a research-based book about women leaders in the UK. She led diversity development projects on gender, ethnic minorities, disability, organisational culture and national culture.

In 1995 Elizabeth moved from Frankfurt, where she had co-founded a consultancy to design and deliver cross cultural programs to German companies to help their managers develop more effective global management skills, to London.

■ The Big Idea

Liz Coffey and her colleagues coach top CEOs, addressing the 10 primary concerns that keep them sleepless in their executive suites:

- Developing bifocal vision
- Getting the organizational structure right
- Creating time to maximize impact
- Energizing the organization through leadership
- Delivering strategy through the top team
- Managing the board
- Communicating with stakeholders all of the time
- Meeting the diversity challenge
- Surviving the global jungle
- Balancing work/life demands

Each chapter is set within a specific context, sets a challenge, and defines the results -showing how each client was guided towards these desired results.

There are multiple pressures facing any CEO today. With rapid technological advances, a greater risk when going into any international enterprise, and changing regulations, the organizations of global proportions require a CEO who can communicate, motivate, develop talent, push for growth and profits, run a multi-lingual, multi-cultural corporation...all the while maintaining that delicate work/life balance.

■ Developing bifocal vision

Bifocal vision means balancing your long-term vision for the company with your short-term vision. Your main responsibility as chief executive officer is to develop a clear vision of where your company is going. So you need three things:

- Time to think about your vision (translation: desired concrete results)
- Get clear on long-term and short-term goals
- Acknowledge that you don't have all the answers!

Also know when to be “hands-on” and “hands-off”. Some CEOs are such control freaks, and are extremely anal about everything. Some are so engulfed by the big picture that they fail to fix the small leaks.

Bifocal vision means balancing your long-term vision for the company with your short-term vision of where your company is going

Make sure you have a strong senior executive group. Because nobody can do it all by herself/himself, you need to surround yourself with a strong alliance.

The Client Profile in this chapter features a CEO by the name of Matthew, whose challenge is to balance priorities between meeting short-term profit commitments and positioning the company for long-term growth.

In this case, the issues Matthew had to deal with were those of selling or merging with a competitor, lowering overhead and operating costs by \$100 million, and addressing the 3 key questions of:

- What is our current reality? (The reality check on the health of the company)
- What strategy will support a 30% growth in shareholder value over the next 3 years? (Vision for the business)
- What are the core initiatives that will get the company to this goal?

Reducing costs by over \$100 million was a key step to bridging the gap between what the current reality was and the vision the company had to achieve.

Building a more effective senior team entailed meeting in person on a monthly basis, agreeing on decisions and issues that needed the full team's input, and reaching an agreement on the annual goals for the business.

Chapter takeaways:

- No CEO can work alone. The senior team should be strong and solid.
- Spend appropriately balance amounts of time on both the short-term and the long-term visions.
- Check in regularly with your team on the current reality.
- Check whether your initiatives are the right initiatives.
- Ask yourself if you are leading effectively.
- Does your leadership style fit this organization's culture and needs?
- How can you make compromises between your style and the organization's culture?

■ Getting the Organizational Structure Right

"It is a fact that organizational structures, no matter how cleverly constructed, have quite a short shelf-life."

Client Profile: Leisure Co.

- Industry: high street retail, travel, air
- 2600 employees
- £185 million turnover
- The "Rising Star" is Dermot, 38, a New Zealander, married.

The desired results were to diagnose Leisure Co.'s performance problems, identify a more comprehensive way forward, and help manage the boss's expectations.

Because nobody can do it all by herself/himself, you need to surround yourself with a strong alliance.

The organizational structure was composed of 12 directors who reported to Dermot: air operations, travel operations, high street, new

products, finance, customer service, IT, supply and logistics, health and safety, HR, sales and marketing, and PR.

Dermot proposed a streamline structure combining functions:

Dir-High street, air and travel, marketing and new products, finance, and HR

The first major concern was that with an organizational reshuffle, an already stressed workforce would have to further absorb this adjustment. Another concern was conflicts were bound to emerge within different sub-cultures of separate departments that would now be merged.

Chapter takeaways:

- Dermot understood the need for clear values and great people as part of a great business.
- He considered the personalities, skills and performance of the top 20 people, deciding who to keep, replace, and re-program. The few who refused to follow the new program would be dismissed.
- Dermot needed to define exactly what his people should achieve.
- Dermot believed in the old adage "What don't get measured, don't get improved."
- Managing Frank, the boss's expectations, was Dermot's priority
- As a leader, base your analysis on the hard facts, not assumptions.
- Ask yourself if you have shared your assessment with an advisor.
- What is your vision of the future that your people can use for their own decision-making?
- Do you have the right people? If not, no amount of re-organization will deliver the desired results.

■ Creating Time to Maximize CEO Impact

If you are CEO you may feel everyone wants a piece of you. From shareholders and senior executives, to bankers, the media, analysts, to your family and friends. This is

where it starts to feel lonely at the top. You may be surrounded by people, yet there is nobody who you can confide your troubles to. One way to buffer the stress is to build an effective team that can manage the workload, one that allows you to delegate most of the running of the business. Most CEOs spend too much time in meetings, addressing emails, faxes and interruptions, and give too little time to the work that adds the most value, that of planning for the long-term and building relationships with key stakeholders.

Client Profile: Girl, UK

Industry: high street teen and 20s fashion retailer

Turnover: £1 billion

CEO: Alice, age 46, married with 2 step-daughters from husband's previous marriage

The desired result: To re-focus Alice's time on priority tasks, filter out needless/superfluous information, develop strategies for dealing with media attention, and gain an overall home/work balance.

How Alice Regained Control Of Her Time:

- She hired an excellent Personal Assistant who would filter out faxes, emails and other correspondence.
- She booked fictitious meetings in her diary to free up time for thinking outside of the office.
- Delegating tasks to her top team: Alice arranged for the Finance Director to receive media training so he could take care of external communications.
- Before undertaking any task, Alice learned to stop and ask herself if she should be doing it at all, and where it fit in the scheme of things.
- She reduced information she needed by asking for summaries, receiving it in different bite-sized forms.
- She learned to trust her intuition and instincts.
- She would use 2 or 3 trusted colleagues as sounding boards.
- She built up her self-confidence by keeping a log/journal of her achievements.
- She found other support systems/confidantes so she didn't have to burden her husband with all her woes at the end of the day, since he had his own problems at work to deal with.
- She booked time for her brother and close female friends --people she could seek comfort from and relax with, so she could forget about the pressures of work for a while.
- She made friends with like-minded contacts and set up quarterly lunches with them.
- She scheduled time for regular exercise each week.
- She made sure that once a week she went home at 5 p.m.
- She was ruthless about not working on weekends.
- She booked regular holidays.
- She learned meditation, yoga and took quiet time for herself.
- She planned weekends away to spend time with her husband and stepdaughters.

Human beings cannot function effectively if they do not take regular rest and exercise. No CEO should ever feel guilty for doing any of the above.

■ Energizing the Organization Through Leadership

It is key to find ways to energize the organization during the critical transition phase--before, during and after installing the new CEO.

Company: Global Services Group

100,000 employees in 50 countries

English is the native language of less than 25% of the workforce

Strong European mix at senior levels

£15 Billion in revenue posted for 2000

Client: Roland Peterson, 45, married with 3 children

Served as Finance Director and CFO for 3 years

Agenda: To prepare for the role of CEO, to reshape the Corporate Center while keeping finance running and initiating a series of strategic programs, and accomplish all this while having fun!

***It is a fact that organizational structures,
no matter how cleverly constructed, have
quite a short shelf-life.***

Roland wanted a Corporate Center that would be the best in its class, had transparent and performance targets that stretched beyond current performance targets, and would be a great place to work.

Through a series of off-site meetings with a very fluid agenda, group members were able to air their negative feelings. The leaders were given a shock tactic, to take charge and act more like the leaders they were expected to be. The shock tactic worked. They immediately set about mapping their own future. A final team exercise on the beach involved building sand sculptures.

Through further questionnaires, the core team revealed different work styles, preferences, became more aware of diversity within team and the need for a common leadership vocabulary.

Chapter takeaways:

- Rate your own commitment to energize the people on whom your own success depends
- Define your wants around your personal, community, and business agendas
- Make a 12-week plan to bring these agendas to life
- What are your patterns that have hindered your biggest life achievements and what helped you achieve your goals?
- Who do you surround yourself with? Are they the people who can support, challenge and succeed you?
- Do you create time and space for regular reality checks?
- Who do you trust to partner and challenge you from the outside?
- Is it fun? Can you feel the energy?

■ Delivering Strategy through the Top Team

Key questions:

- How can CEOs assess leadership capability in their organizations?
- How do you install a systematic process of key talent management?
- How do you develop the top team?

Company: Glaxo Wellcome

Industry: Pharmaceuticals

54,000 employees in 76 companies worldwide

Sales in 1997: £7.98 billion with a 5% share in the global market

Chairman and CEO Sir Richard Sykes recognized a big change was needed to maintain the company's superior market position and Zap the Gap between required revenue and projected income.

"We're in business to make money. But I don't see that as the number one priority; the number one priority is to get the business right...Strong leadership, good people, good product flow, bringing value to patients throughout the world...If you get those right, everything else will fall into place."

Chapter takeaways:

- The challenge set by Sir Sykes called for leaders of GW to think more like entrepreneurs, foster a culture of innovation, learn to get comfortable with ambiguity, continue learning across boundaries of functions or regions, outrun the pace of change, and keep sharp focus on delivering the business's demands.
- A leadership framework needed to be developed for GW's top 300 leaders.
- These people should be able to bridge the revenue gap caused by expiration of patent on biggest selling drugs.

A 3-year timetable was drawn up entitled the *Senior Executive Development Program* (SEDP). Three schools partnered in this endeavor: The London Business School (UK), The Fuqua School of Business at Duke University (USA), and INSEAD (France).

It was soon revealed that a leader of GW had to assume the roles of 4 people: Entrepreneur (risk manager, visionary), Strategist (portfolio manager, decision maker, big picture thinker), Integrator (relationship-builder), and Leader (Scientific innovator).

GW's top people had to reach out to potential markets, build trust, harness self-discipline and create peer support. The business deliverables were met such as increased dividend, a strong research and development program, restructuring to focus on customers and double-digit growth.

■ Managing the Board

Client Company Profile: Henry Grafton (HG)

Industry: Importer of toys and games, manufacturer of toiletries and homeopathic medicines

Turnover: £280 million

The CEO: Steven Frost, 42, married with two sons
Worked 8 years at Unilever and 2 years at Andersen Consulting

The Challenge: Gain credibility with the board since his becoming CEO was not a unanimous decision; some felt he lacked hands-on experience in toys, while developing a growth strategy

The Plan: Position toy business by moving sales manager and team. Get rid of toys director either through sale or redundancy, and use board vacancy to promote the sales manager, and gain one friend on the board.

Tools: A PR company to frame his communications of the drastic changes and help with improving relations with board members and stakeholders.

Chapter takeaways:

- The chairman must be a strong supporter of the CEO or else decisions come to an impasse
- Who is against you and who is for you? Why?
- Who stands where on key issues?
- Are you really in charge here?
- Have you made a good impression on all the key players?
- Are you getting your priorities supported?

■ Communicating With All Of The Stakeholders All Of The Time

A CEO must be careful in all communications he releases to the board, directors, banks, investment fund managers, analysts, auditors, lawyers, employees, the media, customers, and suppliers...tough, huh? Always remember your communications must be used with extreme care.

Company Profile: Op Co

Industry: Utilities

CEO client: James, 50, married with children

A personal portfolio should define priorities and shape contributions of members to meet the needs of the organization.

The challenge was to craft messages for all stakeholders, unite members through a communication program, inspire the team, and develop relationships in a hostile situation. Taking into consideration James' nature of conforming to the crowd rather than wanting to

stand out, he preferred an open, consultative style of leadership.

How James Communicated His Message:

- He freed up time to plan his communications.
- He organized off-site meetings which lasted a few days.
- He frequently visited various company locations.

- He used video communication to send regular messages to staff.
- He worked closely with a PR director/professional.

Chapter takeaways:

- Control your emotions.
- Understand your audience first.
- Communicate facts more than feelings.
- Seek win/win solutions.
- Use travel opportunities to communicate directly.
- Be visible.
- Use the chain of command to communicate rapidly.
- Share scenarios with your team to give a head start in a crisis.
- Understand non-verbal communication and its power.
- Emails can be easily misunderstood or taken out of context, pick up the phone or meet in person.

■ Meeting the Diversity Challenge

Notice how the BBC celebrates diversity? Greg Dyke, the Director-General, once commented the BBC was still “hideously white”, and since then his commitment grew into transforming the BBC into a strong multi-cultural force, with more visible minority ethnic personnel and issues in programming. The BBC became more of a reflection of modern UK culture. These diversity initiatives improved the BBC's image as employer of choice, and enhanced the organization's reputation as a whole.

Client Profile: The Civil Service Commission
480,000 employees

The initiative: To develop talented ethnic minority civil servants to prepare them for top Civil Service positions in the next 5 years, and raise awareness of this move, among other desired results

The Plan: Pathways Launch, website, Group Away Days (off-site meetings) and work exposure, developing confidence through progress monitoring.

■ Surviving the Global Jungle

With international pressure groups constantly watching your every move, a CEO needs to be prepared for international management, or managing across borders. Environmentalists will probably throw pies at you for your decisions, so it is best to prepare for a global assault through Public Relations.

The Company Profile: Jefferson Inc
Industry: Manufacturing
7000 staff
Turnover: £1.6 billion

The Client: Richard May

The Challenge: to demonstrate his leadership both to new owners and the management team

Richard focused on tactical, short-term concerns, encouraged cross-cultural relations by organizing working visits by managers to headquarters, monitoring uncooperative staff and taking appropriate action, embracing an international perspective over an insular one.

■ Balancing Your Act

Use the Personal Portfolio idea: A balance between the personal and the professional.

Example:

Contents of a personal portfolio includes: guidelines, profile or biography, bullet point summary, planned time allocations per year, key personal targets, a schedule of client work, target billings, career plans, a personal development plan, work/life balance plan, cost and revenue plan, business and budget plan, and a balance scorecard.

A balanced Personal Portfolio allows for an individual's needs to work from home or part-time, combine paid work with voluntary meaningful work, do work that utilizes his skills, knowledge, values and experience, continue personal development and learning, and maintain space for family, friends, and interests outside of work.

Company: Amorgos

Client: Mohan, married, 3 children

Spends his free time in charity work and chairs a network for senior ethnic minority executives, writes for Management Consulting journal.

Amorgos' 25-member consultant team needed Personal Portfolios!

An A4 size D-ring binder divided into 10 parts was the physical manifestation of this Personal Portfolio project.

Resolutions reached:

- Commitments made to deliver specific revenue amounts
- Commitments to mentor others
- Refocusing of efforts and priorities
- Commitments to writing articles for business journals
- Ten people to attend one conference a year
- Ten people to take training courses
- Top team gets executive coaching
- 8 are allowed to work part-time
- 20 are allowed to work from home sometimes
- Diversity within the team would be respected
- Family outings and weekends would make Amorgos a fun place to work.
- Jessica would be allowed to take paid time off to do a charity climb of Mt. Kilimanjaro!

- Colleagues agree to cover W's surgery and recuperation costs.
- 4 teammates agree to cover for Rachel while she is on maternity leave.

Chapter takeaways:

- A personal portfolio should define priorities and shape contributions of members to meet the needs of the organization.
- It is vital to keep a Balanced Personal Portfolio.
- It should acknowledge member's contributions individually.
- It must foster a sense of control over one's life and job.