

What Would YOU Do?

Not 10 seconds after her email appeared in his inbox, her text appeared on his phone.

“Have a second to chat?” she asked?

He started to reply, then stopped, and just dialed.

“Hi Cynthia. I’ve got a couple minutes before a meeting and haven’t read your email yet. But it seemed urgent. What’s up?”

“I’m sorry to put another problem on your plate, but I think I’m done.” she said. “Nothing’s changing and I just don’t have the energy for it.”

Hank rubbed his eyes. He was afraid it would come to this.

Hank Sullivan was the Executive Chair and CEO of Robbins Industries, a \$500MM family held industrial manufacturing business. He was family by marriage but hadn’t grown up in the company. Instead, he’d held a variety of roles over his 40-year career – from aerospace production engineer immediately upon graduation from Georgia Tech; Bain consultant after earning his MBA; and then operating partner in a private equity firm. He’d helped turn several manufacturing portfolio companies into solid performers...and lucrative transactions.

He'd hesitated to step into Robbins – he was having fun and had spent too much time unraveling family management mistakes in the turnarounds he'd led. But the family board had been persistent. They wanted family **and** world-class management. So, he agreed...with a few conditions.

A Good Plan, Well Executed

His due diligence showed that Robbins had a deep bench of finance, production and engineering talent on the board just as in the company, but notable skills gaps included Human Capital Management, Marketing & Sales for scaling growth, and emerging technologies. So, his agreement

was conditioned on board expansion and recruiting independent directors to fill some very specific skills gaps.

The formerly family-only board agreed, and with the help of search consultants they had identified and recruited three fabulous, albeit inexperienced independent directors. He'd lobbied the board to compromise on directorship experience to add the talent as well as age and gender diversity to the board.

Cynthia Simmons had proved him right, at least initially. Her CV was perfect. She'd risen quickly through a series of digital marketing roles, participated in an exciting IPO as the CMO of a software company, and was now CRO of a rapidly growing industrial technology firm that specialized in block chain applications for manufacturers.

She understood digital, instinctively grasped the imperative of a collaborative marketing and sales approach in a world where buyers moved fluidly back and forth, lived emerging technologies daily, and even seemed to intuit that scale for an industrial manufacturer meant aggressive growth, but a tame version compared to her high intensity background.

She'd agreed to the role, she told him one evening over cocktails after a strategy retreat, because of her respect for her dad who had worked as a production planner in several GE manufacturing facilities. He was proud of her work and success in software, but always talked about the satisfaction that comes from turning ideas into creations of bent metal.

Cynthia consistently offered insightful contributions at each meeting, bonded strongly with family, executive and independent directors. The management team valued her input. She'd even helped them secure a large deal with a strategic introduction through her current network.

Fermenting Frustration and Passive Aggressive Resistance

Hank remembered clearly the meeting when he first recognized the intensity of Cynthia's frustration. Eighteen months into her tenure, she had appeared at a quarterly meeting with an extensively tabbed and notated board package. And during the VP of Sales' presentation, she leaned forward intently.

When time came for questions, she had had many.

“I don’t see some of the KPIs that we’ve talked about since last year and agreed to.”

“What’s the ratio of deals lost to no decision? What’s the attribution impact of each marketing spend? I don’t see the sell cycle metrics by rep, team and product line. There’s no list of key deals killed for cause this quarter. Where’s the metric for target account penetration, and what about...”

Hank had seen watched as Peter Jackson, the firm’s president of three years winced. Ben Williams, the long-time VP of Sales & Marketing, and son-in-law of one of the co-founders, glared.

He jumped in quickly “All good questions, Cynthia. Let’s let Ben answer.”

“OK, Hank. That’s fine” she said. “But we’ve talked about this repeatedly. I don’t understand. We’ve all heard the stories about how close this company came to dying in 1995. Production at the time was run by gut feeling. And only Brian’s (the former CEO and co-founder) vision saved it when he embraced Deming’s scientific approach to quality management. We’ve got the same problem now on the front end of the business, and nobody seems willing to address it.”

Ben’s answers hadn’t mollified her. And they shouldn’t have. She was right at the time, and she’d been right in the interim as she consistently pushed back on the lack of rigor in the front end of the business.

The board had even agreed to bring in a team from Deloitte’s Digital Transformation team to look at their sales and marketing approaches. Their report, delivered two quarters ago, had virtually mirrored Cynthia’s consistent recommendations – albeit in a safer, slower, corporate-speak report that had given Ben some wiggle room.

No Easy Solution

Cynthia had mentioned several times in one-on-one conversations that her expertise seemed to be viewed as an inconvenience rather than an asset. While her board performance evaluations had been solid, the friction with

sales and marketing had increased inexorably and in response she became increasingly “fingers in” in her approach.

And suddenly here they were. Hank had worried it would come to this, and as he brought his thoughts back around to Cynthia on the other end of the line, he said “I understand your frustration. I really do. And you may be right. Perhaps that’s the best solution. But let’s do this. I need to get through my next call, and some travel through the end of the week. I need to talk to Peter, and we need to discuss this as a board. Can we talk Saturday about how to move forward to address this with the full board?”

Relieved to have the topic openly on the table Cynthia agreed. She’d call him Saturday between other obligations.

Several calls, a connecting flight and countless emails later Hank ruminated as he waited for the Uber that had been consistently just 7 minutes away for the last 20.

Cynthia really was right.

Revenue was OK. Even strong. But contrary to everyone’s early concerns, for the last three COVID years it had been strong for almost every manufacturer. They had benefited from the same rising tide as other firms, and that had provided air cover for Ben’s team.

He’d say they were selling successfully. But Hank understood, aided by the clarity of Cynthia’s analysis, that their revenue was largely a function of them receiving orders rather than deliberately creating them through a well-engineered and repeatable process. In the meantime, most of their collective energy had focused on finding and retaining talent and dealing with supply chain disruptions.

Ben had gotten a pass.

A Double Standard in Behavior and Results

While the rest of the company, from engineering, through production, to finance and even HR ran according to carefully designed processes, sales

relied on some loose guidelines and vague justifications. And marketing was relegated to planning trade show booths.

Ben alternated between agreeing to take simple steps like enforcing CRM discipline with his team, and then declaring “the tech world” to be so disconnected from the real world as to offer no relevant insights for incorporation into their marketing and sales.

Hank had known they’d have to address it eventually. Forecasts were increasingly unreliable and a simple comparison of their and competitors’ websites showed a rapidly growing gap in their sophistication.

And while he wasn’t certain, he thought he sensed a troubling shift. While Ben’s initial resistance was a reaction to change and seemingly radical ideas, lately it seemed contemptuous. Maybe even tinged with misogyny.

What a mess. Cynthia had been right. She brought the expertise to the board that they had hoped for.

The company hadn’t incorporated her recommendations and results were increasingly reflecting that. And in the meantime, he’d failed to manage the board dynamic that now threatened to disrupt the carefully structured team upon which he’d insisted and conditioned his acceptance of the CEO role.

Ben’s personal and professional conduct were unacceptable and damaging to the business respectively...but he’d been there for his entire professional career and his father still had an office that he occupied several days a week, directing his pet R&D projects.

Maybe it wasn’t possible to change how an industrial company markets and sells. Maybe his analogy to the wrenching production changes was somehow incorrect. But clearly something had to change. Actually several – on the board, in their revenue growth approach, and in the performance of management.

His phone vibrated. The Uber was approaching. He confirmed the license plate, put his rollaboard in the trunk, and climbed in.

How was the board going to work through this? How was he going to fix what he'd allowed to develop?

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