

BUILDING PLATFORMS FOR SUCCESS FOR NEWLY HIRED/NEWLY PROMOTED LEADERS.

Laurence J. Stybel & Maryanne Peabody
STYBEL PEABODY ASSOCIATES, INC. , an Arbora Global Company
www.stybelpeabody.com
www.stybelpeabody.com
lstybel@stybelpeabody.com
Tel. 617 594 7627

This speech was first given to the global convention of the Financial Executives International in San Francisco in April, 2006 and to the Manufacturing Roundtable in Boston in May, 2006. A variation of the speech was later published by MIT SLOAN MANAGEMENT REVIEW (Spring, 07).

SUMMARY: (1) Job descriptions serve two incompatible goals: (a) foster a positive image about the company in the marketplace and (b) provide an overview of the challenges of the job. This creates problems for newly hired /newly promoted leaders. And in an integrated human resources information system, when the job description is also used as the basis for compensation decisions, these problems are reinforced. We suggest a way to deal with this distortion. (2) "Stealth Turnaround" leadership mandates is another way of saying "this is a no-win situation." What action steps can newly hired /newly promoted leaders take to avoid Stealth Turnaround leadership mandates?

Do you know this man? It is the late Milton Berle.



In the middle of the 20th Century, Milton Berle was television's most popular male comedian. He had a standard routine at the opening of his show:

As Berle walked to the front of the stage the audience would cheer. He would gravely bow to the audience and extend his right hand palm out to the audience as if to ask them to quiet down. At the same time, his left hand would be extended palm away from the audience and his fingers curl to beckon the audience to cheer him even more!

The audience loved it.

The use of a simple gesture to convey conflicting meanings is great fun and the stuff of classic comedy.

Like Milton Berle, some companies have a bias for providing new leaders with logically incongruous missions. One mission is verbalized. And the second mission is implied. Neither can be achieved without the destruction of the other goal. I call these incongruous instructions "Stealth Turnaround Mandates."

I will discuss what companies can do to avoid Stealth Turnaround Mandates. I will devote special attention to "Good to Great" leadership mandates, since we do not see much practical advise for these common scenarios on our leadership work.

ONE JOB DESCRIPTION SERVING TWO INCOMPATIBLE GOALS

With the exception of grave turnaround situations, company leaders prefer to portray their company in a "Good to Great" situation even if it isn't in one. They are aware that job descriptions are public documents. Who knows who will read the document? Job candidates interviewing for these opportunities are not members of the company "family." They have not signed non-disclosure agreements. Job candidates might know competitors or later get employed by a competitor.

For the above reasons, the stated mandate in the written job description may not be the real mandate. The better retained recruiters understand this discrepancy. Less inquisitive recruiters accept the stated mandated as given. They don't want to probe beneath the verbalizations. And these same recruiters turn around to give job candidates the misleading messages that support their clients' stated positions.

WHAT NEEDS TO BE CHANGED, HONORED, AND AVOIDED?

In our work with companies, we sometimes create two job descriptions.

The first job description is used in first level screening and assumes that this document will have wide distribution.

The second job description might be given after a candidate has signed Nondisclosure Agreements.

The second job description clearly spells out the following three issues:

What is to Be Changed in the Next 90-120 Days. We go into business processes, technology, and people/culture.

What is to Be Preserved/Honored in the Next 90-120 Days. We go into Business processes, technology, and people/culture.

What is to Be Avoided at All Costs in the Next 90-120 Days. You Will Surely Die if you touch this.

Having our client companies go through this discussion is useful because it forces them to confront the true Leadership Mandate as opposed to the stated leadership mandate.

Whether it is public information or not, I need to know the true leadership mandate. If there is a discrepancy between the state and the true mandate and I recruit candidates appropriate for the stated mandate, I am setting up job candidates to fail.

Competent job candidates will fail if they fail to appreciate the distinction between stated and true Leadership Mandates:

Company A. has a founder who will assume the role of Chairman of the Board. The Board seeks a new CEO who can execute a Good to Great leadership mandate. In conversations with the founder, it is clear that the company is “his” baby and he will only accept business process changes at the margins. He will oppose key strategic changes and changes in corporate culture. Because he remains a 51% owner of the company, the Board does not want to offend the founder. This is an example of a Stealth Continuity Mandate disguised as a Good to Great mandate. The Board insists it wants someone who can execute a real Good to Great leadership mandate but that person will fail if he/she tries to make good on the Board’s instructions.

Company B has a founder who will assume the role of Chairman of the Board. The Board seeks a new CEO who can execute a Good to Great leadership mandate. In conversations with the founder, it is clear that the company is “his” baby and he will only accept business process changes at the margins. He will oppose key strategic changes and changes in corporate culture. He has a major equity stake in the company and the Board of Directors expects the founder to eventually depart the company. His departure will be good for the company because it needs to show investors that it has outgrown its founder. This is an example of a valid Good to Great leadership mandate.

Why Are These Three Questions Important?

Most job descriptions only focus on what is to be changed. As a result, the intervention picture is one dimensional. We tell our clients to think of change as a three dimensional object with length being “what’s to be changed,” height being “what’s to be preserved,” and width being “what’s to be avoided.”

Job candidates should use our recommended wording in “What’s to be Honored/Kept over the Next Twelve Months.” In a turnaround situation, management will find nothing worth honoring and the omission of that worth is noteworthy. Listen to the words. Hiring authorities may gravitate towards the word “kept” and list functional areas not worth touching during the first twelve months. There is a difference between “Kept” and “Honored.” In a true Good to Great situation, there will be a consistent message of what

is worth honoring. Job candidates should ask the same question of everyone during employment interviews to gauge consistency.

It is doubtful that job candidates will get a valid response to the question, “What is to be avoided at All Costs?” Nobody likes to admit having company taboos, particularly to job candidates who might work for a potential competitors. The fact that the question was even asked should reflect well on job candidates. And if the hiring authorities react negatively to the fact that was even raised, that should have diagnostic importance for candidates.

RENEGOTIATE THE LEADERSHIP MANDATE IN TEN TO FIFTEEN DAYS.

At the time of hire, we recommend management explicitly tell the new leader that assumes that the leader will be doing his/her own research regarding what needs to be changes, preserved, and avoided. It is willing to keep the door open to a new discussion about the Leadership Mandate in light of what has been learned.

New leaders should ask as many people as possible the core three questions. It is important to ask key customers the same three questions to get their reactions. Is there a theme that seems to be emerging?

In ten to fifteen days, the new leaders should renegotiate the Leadership Mandate based on what has been learned. And that renegotiated Mandate will be the basis of the performance evaluation a year later. That renegotiated mandate will more approximate the true Leadership Mandate and establish realistic frameworks for evaluation.

THE SPECIAL CASE OF GOOD TO GREAT LEADERSHIP MANDATES

With the exception of obvious Turnaround situations, most leadership mandates are of the Good to Great variety.

As mentioned earlier, these mandates can be tricky because it starts off with a logical but emotionally conflicting message to employees: “You have done a great job and it won’t be good enough in the future.”

Handled poorly, employees will come to believe that there is no Good to Great Leadership Mandate. It really is a Stealth Turnaround Mandate. And once employees come to believe they are in the middle of a Stealth Turnaround, how long will it be for investors and customers to get the news? A core leadership relationship management failure in our experience has been leaders’ failure to appropriately manage the critical relationships required of Good to Great situations.

Patience is a critical attribute in Good to Great Leadership Mandates. While turnarounds have a sense of urgency, Good to Great situations are managerial sculpting processes that take place over time. It is about continuous process improvement every year rather than “shock and awe” of abrupt change.

MANAGING SYMBOLS

Symbols are another critical attribute in Good to Great Leadership Mandates. Turnarounds have no worthy symbols of focus. Good to Great companies have plenty of symbols once you become sensitive to looking for them. Pick a symbol and use it consistently to express your goals in a concrete way. For example:

At one of our client companies, an automobile mechanic went out in a blinding snow storm to repair a truck that had become disabled. And he did it when he was technically off duty. The President often cited this individual by name as an example of the company’s historic customer service excellence.

Another example:

A university’s business school complex consisted of three buildings linked as a square with three sides. The center building faced a busy urban street. There was a large bronze door in the middle of the center this building facing the street. That door had no functional purpose. It was put there for design purposes. The business school had become so research oriented, it was receiving complaints from the business community that graduating students were no longer desired as employment candidates. The business community wanted to see a more balanced approach between practical business education and research focus. A new Dean was hired with a “Good to Great” mandate. His first act was to open the big bronze doors facing the street. In talks with the faculty and the business community, he referred to the open doors as the symbol of the school’s openness to listening to community issues and his resolve to avoid lapsing into academic insularity.

The tried and true symbol for Good to Great is to constantly refer to the biggest competitive threat and focus on how the threat factor. For example, a recent HARVARD BUSINESS REVIEW article on the Good to Great change at Home Depot had the CEO constantly saying, “Why don’t we call up Lowes and see if they might slow things down for us?” Lowes was perceived as their biggest competitor. Home Depot also provided management with on-going financial data so that they could see how they were doing relative to the competition.

GOOD TO GREAT REWARD SYSTEMS

Reward systems in Turnaround situations tend to be variations of “No, Not Anymore.” For example:

“Yes, I know we used to provide automatic cost of living increases. We can’t afford that anymore.”

Reward systems in Continuity Mandates tend to be variations of “Yes, If It Isn’t Broken Don’t Fix It.”

“I know people complain about their compensation. They always will complain. We offer plenty of financial and emotional compensation. No need to conduct yet another survey. Look at our retention rates.”

Reward systems in Good to Great should be “Yes....and” conversations:

“We will continue to pay you as we have paid in the past but we do want to provide a bonus for going on for additional business education credits. And if you get a degree, we will provide you with an additional bonus. You will also be on the “fast track” for promotion opportunities.”

The “Yes....and” conversations may involve monetary rewards or non financial rewards: trips, gifts, recognition, etc. The concept of the Good to Great leader as someone who sculpts behavior also implies the limitations of management of end results. MBO type systems work well in stable systems where continuity is key. In Good to Great situations, you have a constant work in progress. Sometimes you need to reward people just for taking important first steps. Culture change in Good to Great situations is about creating positive behavioral momentum. Management should be confident that creating positive behavioral momentum leads to desired business results. Focusing on desired business results may inspire those at the top and frighten those who actually have to implement the change. The operational word of the day is: quick baby steps.

Sculpting behavior takes time. CEOs need to accept this and educate their Boards about the danger of quick fixes.

TERMINATIONS IN GOOD TO GREAT LEADERSHIP MANDATES

Consider how companies manage physical refuse: the goal is to make refuse go away as quickly as possible, as cheaply as possible, and minimize the “blow back” in environmental liability.

Terminated employees can often feel treated like human corporate refuse: once management finds that there is no value, toss them out. Management’s objective is that terminated employees vanish as cheaply as possible with no negative legal consequences for the company.

One can understand this approach when dealing in Turnaround Mandates. Cash and time is limited.

In Good to Great Leadership Mandates, however, treating terminated employees like refuse contradicts the Good to Great concept. If these people were so valuable to the company up to this point, why are they being treated so poorly now? What does it say about the culture of the company going-forward?

In Good to Great situations, terminated employees who are not qualified or capable or interested in making necessary behavioral changes should be treated with dignity. Dignity means seeking better than median severance packages and an outplacement program that helps people land on their feet. This dignified approach reinforces the value the company places on past services. It also provides an incentive for employees to step up and declare that they would rather take a package and leave on good terms than passively aggressively remain.

SUMMARY AND CONCLUSIONS

Milton Berle had a funny routine to present a logical inconsistency with one gesture. Business also has a routine to present a logical inconsistency for new leaders. We call it Stealth Turnaround.

Milton Berle was funny. Stealth Turnarounds are not funny.

We discussed political and business reasons why companies might present job candidates with Stealth Turnaround Mandates, why recruiters do not challenge such mandates, and why job candidates accept such mandate.

We have made recommendations for the design of job descriptions and job candidate conversations to produce more clarity regarding the type of leadership mandate: continuity, turnaround, or good to great.

We have suggested a specific conversation to diagnose the leadership mandate. This conversation revolves around concepts of Change, Honor, and Avoid.

Finally, we are suggesting specific action strategies to be used in Good to Great Leadership Mandates. These action strategies are important because new leaders may create situations where employees will come to believe that a Good to Great Leadership Mandate is actually a Stealth Turnaround Mandate. It is easy for new leaders to become insensitive to this fear and thus lose credibility with the employees they need to depend on for their future success.

###

Larry Stybel & Maryanne Peabody
STYBEL PEABODY INC. an Arbora Global Company.

Tel. 617 594 7627
lstybel@boardoptions.com
www.boardoptions.com
www.stybelpeabody.com
www.arboraglobal.com

"Smooth Leadership Change When the Stakes are High:" retained search, coaching of high potentials, and helping leaders craft new chapters in their professional lives.

REFERENCES

Stephen Dorgan et al. "It's official: a company's economic success rests on the quality of its managers. **MCKINSEY QUARTERLY**, February 2006.

Thomas Neff & James Citrin. **YOU'RE IN CHARGE: NOW WHAT?** New York: Crown Business, 2005.

Brad Smith. **TOPGRADING: how leading companies win by hiring, coaching, and keeping the best people.** New York: Prentice Hall, 2001).

Michael Watkins. **THE FIRST 90 DAYS.** Boston, MA: Harvard Business School Press, 2003.