

HOW TO BUILD PLATFORMS FOR SUCCESS FOR NEWLY HIRED/NEWLY PROMOTED LEADERS.

SUMMARY: Traditional published job descriptions and first round job interviews serve two corporate purposes that work against each other: (1) support the company's public image and (2) provide a framework for an honest discussion about the challenges facing the new leader. When job candidates and hiring authorities take job descriptions at face value, hiring is often done on the basis of façade. The newly hired/newly promoted leader may believe she has a delightfully "good to great" challenge when the reality is much, much darker. We introduce the term "Stealth Turnaround Mandate" to illustrate what happens when newly hired/newly promote leaders are set up for inconsistent and unachievable results. We present a model for managing Leadership Mandates that are geared for Good to Great, Continuity, or Turnaround.

KEYWORDS: Retained Search; Outplacement; Organization Development; Succession; Leadership.

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



In the middle of the 20th Century, Milton Berle was so popular he was called “Mr. Television.” Berle had the following classic opening in his shows:

Milton Berle is introduced and walks to the front of the stage as the audience cheers. He gravely bows, extends his open right hand palm out making a “stop” motion. He is asking the audience to quiet down. At the same time, the fingers of his left hand rapidly move from his palm to the sky and back again as if to encourage the audience to cheer him even more. During this routine, he maintains his grave demeanor.

The audience loved it.

The use of two simple gestures to convey dramatically contradictory messages is great comedic fun.

The same concept can become tragic when applied to hiring/promoting leaders.

ONE JOB DESCRIPTION SERVING TWO GOALS

In our experience the typical business leadership job description portrays the company as being in "Good to Great" situation. Sometimes it is. But job descriptions are public documents. Job candidates might know competitors or later get employed by vendors. Candidates could leak information to investment analysts. Thus it is natural to portray the opportunity in Good to Great terms. For example:

We were retained by the North American division of a public global life sciences company to conduct a search for a Vice President, Human Resources. Based on discussions with the President of North America we were told that the leadership challenge was "good to great:" take a company providing 50% of total revenue to the global parent and help position it to be even more effective. There was nothing "wrong." There were simply things that could be improved. The Vice President was to report on a straight line relationship to the President of North America and a dotted line relationship to the Global Senior Vice President of Human Resources in Berlin. A published job description was sent out with this message after being reviewed and approved by Berlin. All candidate interviews were based on this premise. Once the job candidate was hired, however, she discovered that the company was in a profound turnaround situation. North America was indeed providing 50% of total revenue but an unacceptably small and declining contribution to net income. The President of North America had lost the respect of the President of the Global Company. The position would be "dotted line" to the President of North America and straight line to the Senior Vice President of Human Resources. The company needed to make profound changes in all its systems, including human resources.

We were less inquisitive in this case than we should have been. The result was that we kept referring candidates acceptable to the President of North America but not really qualified to handle the real leadership mandate.

WHAT NEEDS TO BE CHANGED, HONORED, AND PRESERVED?

We like to create two job descriptions.

The first job description is the one that gets wide public distribution and is used for first level screening. It is the one that has the "good to great" theme that the company wants the marketplace to hear.

The second job description is given once the two finalists sign Nondisclosure Agreements.

The second job description clearly spells out the following issues:

What is to be Changed in the Next 90-120 Days? We describe changes that need to be made in business processes, technology, people, and culture.

What is the Metric for Measuring Success? What is the Time Frame? For example, for a Vice President, Marketing is the metric gross sales, market share or net income? Is the time frame measured every quarter, every year, or an average of the past two years? Companies may not wish to be public about these measurement methods.

What is to be Honored in the Next 90-120 Days? Again, we ask for information about business processes, technology, people, and culture. These issues represent factors the company is proud of and sees as a competitive advantage.

What is to be Left Alone in the Next 90-120 Days? Again, we go into business processes, technology, people, and culture. These issues represent factors that the leader might wish to change at a later date. But for tactical reasons there is not a sense of urgency.

Having our client companies go through this structured discussion is useful because it forces them to confront the true Leadership Mandate as opposed to the stated Leadership Mandate. The classic case is the Vice President of Sales who is told to make dramatic turnaround in achieving gross sales and later learns that the inept Director of Regional Sales for the most important region is the daughter of the Chairman of the Board and has tenure as long as the Chairman remains with the company.

Competent job candidates are set up for fail if they are hired on the basis of the desired Leadership Mandate rather than the real Leadership Mandate. For example:

Stealth Continuity Leadership Mandate. 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 stated 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 remains a 51% owner of the company. 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 Good to Great leadership mandate. And hiring the right person for that task dooms the new leader to failure.

Real Good to Great Leadership Mandate. 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 minority equity stake in the company and a majority of the Board wants the CEO to depart within twelve months. This is an example of a valid Good to Great Leadership Mandate.

RENEGOTIATE THE LEADERSHIP MANDATE IN TEN TO FIFTEEN DAYS.

At the time of hire, we recommend successful candidates tell hiring authorities that they will be coming up with a plan for action within 10 calendar days of joining the firm. If the company is large cap and global, 15 business days is more appropriate. New leaders should ask as many people as possible the core questions raised earlier. Talking with customers is usually a great idea for new leaders. Is there a theme that seems to be emerging from these structured discussions?

At the end of the appointed time, new leaders should renegotiate the Leadership Mandate based on what has been learned. And that renegotiated Leadership 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.

THE SPECIAL CASE OF GOOD TO GREAT LEADERSHIP MANDATES

In our experience, most Leadership Mandates are indeed Good to Great. But such mandates can quickly turn to be perceived as Stealth Turnarounds if employees hear the following message: “you have done a great job and your great job is not good enough.”

Handled poorly, employees will come to believe that the Good to Great Leadership Mandate is yet another corporate lie. What is really going on is a Stealth Turnaround Mandate. Stealth Turnarounds is the Milton Berle comedy routine turned into a business technique: turn the system around dramatically but don’t “upset the apple cart” by alarming customers, vendors, or employees. For example:

The Board of a global nonprofit hires a new CEO with a well known reputation for being brusque and impatient. When the offer was made, he was told that his role was to be a change agent. He made it clear that he saw his mandate as Turnaround. No one was surprised when he lost employee support and a vote of no confidence was taken. He lost the support quickly because of his brusque

leadership style. Given his mandate, he would have eventually lost support had he been a model of diplomacy. The Board didn't like to see the institution get such unpleasant publicity and refused to back the President.

Turnarounds have a sense of urgency. On the other hand, true Good to Great Leadership Mandates are the process of organizational sculpture. It is about continuous improvement every year rather than "shock and awe" of abrupt change.

MANAGING SYMBOLS

Symbols are another critical attribute in real Good to Great Leadership Mandates. Good to Great companies have many positive symbols worthy of attention once new leaders begin to look for them. We recommend new leaders pick a symbol and use it consistently to express corporate 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 this work when he was technically off duty. The customer was in trouble and the mechanic saw his job as providing customer service. 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. The center building faced a busy urban street. There was a large bronze door in the middle of the center building. That door had no functional purpose. It was put there to give the three buildings architectural coherence. This business school had become so focused on producing academically solid research, it was receiving complaints from the business community that faculty was too Ivory Tower and students were no longer desired as employment candidates. The business community wanted to see a more balanced approach between practical business education and academic research. A new Dean was hired with a "Good to Great" mandate. His first act was to open the big bronze doors facing the street. He stated that his Administration planned to keep the doors open every day to symbolize that the school was part of the world and not an academic island. The Dean constantly referred to that open door.

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 “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.”

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 logical inconsistency with two simple gestures. 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.

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.

###

TYPE OF LEADERSHIP MANDATE:

GOOD TO GREAT:

Image: sculpting positive change over time.

Symbols: find a symbol and promote it as an example of what is desired.

Compensation: Yes.....and.

Termination: We want to honor you and wish you well.

TURNAROUND:

Image: Dramatic; everything must change for the better.

Symbols: no symbol or find a symbol of what is to be avoided in the future.

Compensation: No, not anymore.

Termination: Former employees feel like human refuse and remaining employees are frightened.

CONTINUITY:

Image: Kind; older, long service employees; long-term customers.

Symbols: whatever the company has used in the past.

Compensation: If it isn't broken, don't try to fix it.

Termination: No change in philosophy.

###

Larry Stybel is co-founder of Stybel Peabody Lincolnshire and Executive in Residence at Suffolk University.