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Platform for Success

The making of great leaders

by Laurence Stybel, Ed.D., CMF and Maryanne Peabody, MBA

Newly Hired? Newly Promoted?

Structure a Platform for Your Success

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Mid twentieth century American comedian Milton Berle had a popular television show. After being introduced, he would walk to the front of the stage while the audience politely applauded. With a grave expression on his face, Berle would extend the palm of his right hand toward. This was a gesture telling the audience to quiet down. At the same time, he would extend the back of his left hand while repeatedly curling and extending his fingers. This was a gesture telling the audience to keep the applause up.

The simple use of two conflicting messages can delight an audience.

There was a stated leadership mandate you were given at the time of hire/promotion. And then there is the real leadership mandate you will eventually discover. If the stated and the real mandates are consistent, consider yourself lucky. If they are in conflict, then this article might be of value.

Three Leadership Mandates:

Leadership mandates fall into one of three major categories: continuity, good to great and turnaround.

Continuity means business as usual: carrying on policies, procedures and strategies. A typical example is the interim CEO, selected to maintain the status quo until a permanent CEO is found.

Good to great refers to Jim Collins' bestselling book of the same name. A good-to-great mandate is essentially this: We've been doing fine, but we can do even better. This is the typical mandate conveyed in job descriptions and employment interviews at the C-Suite level. It may or may not be valid.

Turnaround means dramatic changes are necessary: No business process, job or strategy is sacred. A typical example would be a private equity company firing the existing CEO and bringing in an outsider to bring new perspective to the existing operations.

Clear mandates for newly hired newly promoted leaders are ideal but they may not always happen. For example, a company looks for a CEO to execute a good-to-great mandate. But after that person is hired, the founder of the firm remains on the board as chairman and major shareholder. The founder is willing to accept marginal changes in strategy and operations. The founder blocks many of the CEO's more drastic proposals. In other words, although the CEO was given an explicit good-to-great mandate, the board is operating under a stealth mandate of continuity. After a year of frustration, the CEO is fired and the board begins another search for a new leader to execute the purported good-to-great mandate, all while the stealth mandate that doomed the last CEO remains in play.

Stealth mandates can exist for a number of reasons. Politics may be one factor. In other instances, the company Board is too dysfunctional to agree upon — let alone communicate to the new leader — a clear and consistent leadership mandate.

Another reason is confidentiality. When discussing their organizations with outside candidates, hiring authorities tend to portray their organization in good-to-great terms, even if that's not the case. It is the naïve candidate who accepts what she is told.

These companies are hesitant to air their dirty secrets in front of a stranger.

The naïve candidate is the one who accepts what she is told and then later discovers to her shock that she was misinformed during the hiring process. The fault was not the hiring authority's deception but the gullibility of the candidate.

In large organizations multiple mandates often coexist. For example, one of our clients displays a classic good-to-great scenario with respect to operating results. But as far as corporate governance goes, the situation definitely is turnaround. Another client has an overall good-to-great mandate, but two strategic business units are in turnaround mode.

Ask These Three Questions:

Ask three crucial questions: (1) What needs to be changed within the next 12 months? (2) What needs to be honored or kept intact within the next 12 months? and (3) What must be avoided at all costs? Honest answers to these questions will reveal the true leadership mandate.

But do not expect to get honesty.

Most job descriptions focus only on the first question ("What needs to be changed?"), thus giving a picture that is simultaneously valid and misleading. Change is a three dimensional concept. Ask the three questions about change.

There a distinction between the words "honored" and "kept intact." In a turnaround situation, hiring authorities will be clear in stating that they find little that is worth honoring, but they might want to retain certain things as a matter of expediency. For example, "Don't deal with the purchasing system this year. Focus on the manufacturing operations. That's where the real fire is right now." In contrast, in a valid good-to-great business, there will be a consistent message regarding the values and technologies that make the company so successful. These are the factors to build your platform for success as a leader.

Within the first two weeks, once again ask the direct report the three key questions. Now that you are on the payroll, will you get the same response?

Ask key stakeholders in your organization the same three questions. Any points of inconsistency should be explored further.

In addition to the responses to the three questions, the true mandate of a business unit or company often can be inferred from various other clues. Two major telltale areas to explore are an organization's employee compensation system and termination systems.

In companies with a continuity mandate, reward systems tend to be variations of "If it ain't broke, don't fix it." For example, a company continues to tie its salary raises to cost-of-living increases, even if this means the firm is falling behind what competitors are paying. The prevailing management view might be something such as, "People always complain that they're underpaid, but this doesn't mean we need to change anything. And there's no need to conduct yet another employee survey because our retention rates are just fine." At the board level, look for n CEO compensation to rise even when sales and shareholder value declines.

In good-to-great situations, reward systems tend to be "Yes, and …" conversations. For example, "Yes, we'll pay for the certification program you wish to obtain. When you've completed it, you'll receive a bonus. You'll also be on the fast track for promotion opportunities."

In turnaround situations, reward systems tend to be variations of "No, not anymore." For example, employees are told, "Yes, I know we used to provide automatic cost-of-living increases, but we can't afford that anymore." Gone, too, are the sales retreats in the Caribbean, the business-class seats for company travel and even the free doughnuts on Friday mornings.

Termination Systems:

In continuity situations, termination policies typically are set up so that they create as little disruption as possible. Departures are infrequent but the company tries to fill vacancies through internal promotions. When staff positions need to be cut, management encourages people to take early retirement. When employees are fired, the person leaving might be cast in the role of the "bad apple:" someone who did not play by company rules.

When a good-to-great mandate is in effect, employees who are no longer qualified, capable or interested in remaining have their departures treated with dignity. Appropriate severance packages are provided along with real outplacement programs that help them land on their feet. The dignified approach pays homage to these employees for past services while helping them to a new future. Many of these companies have alumni programs for former employees. A person might no longer be on the payroll but they should be treated as resources for future talent or new business.

A turnaround mandate is a completely different animal. Here, management's objective is simply to make terminated employees vanish as cheaply as possible with no negative legal consequences for the company. Employees report feeling treated with the same respect that the company provides its garbage. This treatment is not necessarily an example of ethically obtuse management. In turnaround situations, corporate culture and long-term reputation are not high on management's list of priorities, whereas reducing the burn rate of cash is.

Stealth Mandates: No Win Situations for You.

In some cases, companies have perfectly legitimate reasons for disguising the true leadership mandate. An organization might, for example, not want to reveal the depth of its problems to outside job candidates who might end up working for a competitor. In far too many situations, though, the true mandate remains hidden because the current management hasn't been honest with itself. This is why we recommend that, after an executive assumes a new position, he does his own research regarding what needs to be changed, preserved and avoided.

When an executive discovers that a stealth mandate is in play, she needs to renegotiate the mandate. One important goal of that discussion is to establish realistic frameworks that will become the basis for the executive's future performance evaluation. All of this is much easier said than done, and management often will resist renegotiating a mandate, particularly if it requires people admitting to some ugly truths. Nevertheless, when an executive continues to operate in the shadow of a stealth mandate, she sets herself up to fail.

Consider the example discussed earlier of the CEO who was hired with a good-to-great mandate when the founder (and chairman) clearly had continuity in mind. What if the CEO had confronted the board to renegotiate his mandate? Obviously, this would have involved a difficult and potentially contentious discussion. But what is the alternative?

At least, the CEO might be able to negotiate a graceful exit.

This article began with a description of Milton Berle's famous routine of making two hand gestures that were logically inconsistent. Companies that present an executive with one leadership mandate while keeping a second contradictory mandate hidden are doing essentially the same thing. The former is a foundation for comedy. The latter is a setup for tragedy.