

THE CEO AGENDA 2

In the previous note on The CEO Agenda, we discussed essential internal and external items for the CEO's success in managing and sustaining a positive drive in the organization. In this note, some ideas and issues will help develop an understanding of how to carry out the tasks suggested in the earlier note.

1. The tasks the CEO should never delegate

As stated in earlier communication, your most important job as CEO is people management, which is how to get the most out of your human capital. This is separate from the toughness, creativity, or innovative approach a CEO may have; it must be reflected in allocating time (a scarce, nonrenewable natural resource) to management issues. These issues spread from selecting management team members to developing them and managing their relationships. "Leaders, then, shouldn't be focusing as much on managing individuals to be better performers but rather on taking groups of people, fostering stronger connections among them, and allowing them collectively to generate new value for the organization." (HBR, 2001, Manage Relationships not Individuals). These efforts enhance the connection among individuals and build social capital based on reciprocity and trustworthiness. Moreover, instigating the development of such capital, fortified with personal networks and a sense of community, builds organizational effectiveness and a sense of priorities.

Developing leaders begins with interviewing and assessing candidates. This must be done for direct reports and the direct reports to the direct reports. And further down the organization for critical positions. At times, even new hires who will shape the behavioral nature of future

managers have to be interviewed. This is only one component of the information-gathering process about candidates. It takes time, effort, and clever resources to develop the portfolio of all candidates.

When building your team, what you should look for (Many of the following points come from successful CEOs' experiences as presented by Larry Bossidy from Allied Signal):

The ability to execute; look for demonstrated stories based on concrete situations of actual accomplishments and execution.

A career runway: never hire someone for the final position. Look for people with the desire and ability to go beyond the job they are being hired for.

A team orientation must be determined by the people the candidate has worked with in the past, not the direct reports s/he has had.

Multiple Experience: seek individuals exposed to challenging competitive environments who can read the marketplace.

International exposure: executives will have to operate in a growingly globalized economy, and the ability to adapt culturally and to understand the changing needs of different societies that represent the clients and the stakeholders is essential.

As the CEO of building a world-class organization, no matter the scale, you should spend about 40% of your time on people issues. Have direct involvement, assume accountability, and take active initiative in developing people who become leaders in their organizations. Expect mistakes to happen, admit them, and immediately, with no hesitation, take corrective action. Delaying the corrective action only affects your effectiveness and credibility both at the personal level and the level of your business plans.

When you hire for critical positions, whether internally or externally, you need to prepare carefully and approach every situation as a project (according to Fernandez-Araoz, 1999, HBR):

- Define the situation you want to solve or deal with through the hiring and what are the current and future competencies needed.
- Generate a list of potential candidates, including unconventional and unexpected ones; be creative about the list.
- Methodologically evaluate each candidate by accumulating demonstrated information, checking references, and conducting structured interviews.
- Get an independent third-party opinion on the two or three finalists.
- Make sure you reject someone you could have hired but only hire people you should have rejected.

2. Become a mentor capitalist.

The term “mentor capitalist” comes from the silent business architects who helped build new businesses; we borrow this term from work done by D. Leonard and W. Swap. As a mentor, you, the CEO, should help your managers create and refine their approach to running their business units, help them find better talent, test their ideas, and keep their eyes on the ball.

As a mentor, you must become many things at the same time:

Sculptor: Lead your mentor through self-examination that will help him question their current approach and position so they can shift even when excruciating. This initiates an iterative process of opening and exploring multiple alternatives, then focusing on one or two that lead to a sustainable advantage.

Psychologist: Change processes that build new cultures are painful and stressful. They require determination and perseverance. They affect the

managers and often their families. You, the CEO, must help your leaders keep things in perspective and build their confidence. Focus on the big picture; the efforts do not question the individual's abilities but rather the form.

Diplomat: The CEO must deal with different personalities and levels of expertise. That is a tremendous challenge. The CEO must simultaneously deal with this variety of attitudes, moving back and forth between individuals and explaining or translating their actions and interpretations.

Kingmakers: The CEO is responsible for the company's success. The company cannot succeed without a solid management team. You must carefully tutor your managers to give up their sometimes neophyte approaches, whether presentation skills or more complex leadership issues. In that mentor role, the CEO sometimes has to be the breaker. If the passion is not there, the operational talent will not suffice.

Talent Magnet: As the CEO, you can help attract world-class talent to the key positions. You can be the one who convinces the individuals to join the team of your managers.

Process engineer: Make sure there is a structure in place; however, focus your management team on results rather than on activities, thus guaranteeing that the structure does not paralyze business evolution.

Rainmaker: Use your network to get support, improve market position, reduce costs, and improve profitability.

As a mentor, you should make decisions for members of your management team. You may need to develop a different style for different individuals. Let people learn by doing but be there for them; Use the Socratic learning approach; tell stories with a moral; Develop and introduce rules of thumb; Provide specific directives; or allow

learning by observing. The situation and the individual will dictate the form.

You, as CEO, also may benefit from the right coach or some peer group (external) to act as a group of mentors.

Additional comments

Ensure that your management team represents the broad set of talents you may need to build and carry out your strategy.

Use an incentive system, financial and other, that motivates managers to work towards jointly achieving the strategic direction.

Deal with every situation as essential. Do not run your business as a one-person show; develop a bona fide management team, external council independent opinion leaders, and knowledge pushers. If you do not have the best people, everyone suffers. Do not hesitate to make people's decisions. Act on them and make your reasons known. Coach people to win, exploit their desire to succeed and help them feel they have contributed.

Finally, are you committed to making it work for the firm, your professional career, and your personal life?