

INSIDE THE C-SUITE: PERSPECTIVES FROM THE TOP

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The nexus for powerful, effective change is the C-Suite. It is from here that CEOs define their business vision, design organizational frameworks, and set priorities and expectations for execution of their strategy. No single individual has greater influence over the direction and performance of a business. Yet, CEO perspectives and the thought processes behind their decisions are frequently unknown to those outside the C-Suite.

Through personal interviews with Pacific Northwest CEOs a composite of candid and personal perspectives from the top emerges, detailing the pressures, coping strategies, leadership challenges, and other key factors that can influence a CEO's ability to drive organizational performance. CEOs interviewed...

- Operate successful small- to mid-sized businesses (up to 1,000+ employees and \$200+ million sales).
- Represent a broad cross-section of industries - including construction, financial services, professional services, retail, and distribution.
- Bring a diverse set of life/work experiences to their roles. Other than education (undergraduate and/or graduate degrees in business were common), the paths leading to their current roles varied widely. Some are career CEOs who have held the position in several firms, while others assumed the role after progressing through the ranks or founding the firm.

How do CEOs lead? What do they look for in their teams? What tools or support do they need to lead more effectively? Whether you are yourself a CEO, or work closely with one, the perspectives below may provide insights that unlock organizational performance, improve strategic execution, or merely provide a better understanding of the "resident in chief" of the C-Suite.

CEO Perceptions of the Role

Professionally, CEOs have the challenging task of establishing a business culture and setting the proper tone for their organization.

- "My number one job is survival of the business - maintaining and developing the culture."
- "...Building a cohesive team of people all rowing in the same direction and without personal agendas. Working with the Board to understand their individual expectations and support for the organization's mission and direction. Balancing these two responsibilities which can especially be challenging"

While the role requires that CEOs present a strong and confident persona, they wrestle with doubts and personal challenges.

- "Maintaining balance. Turning off work. In personal life it's hard to keep in the present and not be distracted by thoughts of work. Professionally it's keeping fresh. I work with a personal coach to help me with this."
- "One of the most challenging aspects for me is staying on track. I have to wear many hats and shift between these roles".
- "It's easy to get caught up in the details when as CEO I should be flying at a higher altitude to more effectively manage the business."
- "It's also challenging to retain focus while flowing with the ups and downs – when decisions work, and when they don't work out so well."
- "Making decisions that are right for the business but are at the expense of people. I've learned that I need to think about the good of the whole. I can't jeopardize the business for one person. That means making some tough decisions."
- "I'm not technically proficient or highly skilled in all we do. I have to have enough aptitude to steer, monitor, and feel the pulse of what's happening in those areas I'm not highly skilled at. Making sure things are properly managed."
- "Greater preparation for assuming the responsibility of being the final decision maker would have been helpful. I'd been warned about the potential for isolation at the top but didn't fully appreciate what it meant until I was in the role."
- "...It would have been valuable to have been mentored by someone who had built a business before."
- "One of things that I regret was that I didn't give myself greater credit for the quality of my instincts. I should have trusted my instincts as they've proved right far more than not and I could have been more decisive."
- "I had book knowledge, but I lacked the maturity needed to apply what I had learned. I always thought it was the "big idea" guys that would be successful. What I learned over time was that it's doing the small mundane things that really make the difference."

Keeping on Track

As the organization's Commander in Chief, CEOs stand alone between their organization and Board. This isolation can create risk and CEOs recognize the need for a reliable sounding board, trusted confidants who they can trust to keep them on course. While employees at other levels benefit and receive support from interpersonal networks developed within the organizations, it is typical for CEOs to seek support outside from mentors, professional coaches, and even neighbors.

- "Being a CEO can be lonely given the confidences that need to be maintained. You need to be around others who can understand what you're dealing with."
- "I try to stay very involved with peers... I have a mentor. I also maintain relationships with 20 or so other executives who I keep in contact with."
- "I networked extensively... I connected to a number of very smart people that can be turned to for expertise and support when needed."

- I have a number of friendships I've developed over the years that I look to for support."
- "I do quite a bit of peer-to-peer business sharing with those I'm not in competition with."
- "I think it's important that you have someone (other than your Board) that you can be accountable to. I have Board of Advisors willing to tell me like it is."

The Road Ahead

As the CEOs look to the future they see opportunity and challenges awaiting their organizations. Perspectives at the macro level had common similarities. In spite of the current economic situation there is considerable optimism and expectation of growth.

- "We have a tremendous opportunity to expand and leverage our business model."
- "The future is promising. Given the market opportunity we could double."
- "The market is only going to grow. It's exploding. We had a record Fourth Quarter."
- "We have an opportunity to open an office in Portland. We have offices now in Seattle and Spokane and this will give greater diversification of territory. This will give us a very solid footprint in the Northwest."
- Our greatest challenge is growing... Customers don't move without reason. To get them often requires that a competitor first fail to take care of them."

However, priorities at the operational level for their business are quite unique. Some see challenges arising in their external marketplace.

- "A broadening of the regulatory control over the industry is something to watch."
- "The future is filled with unknowns and we're facing rapid change. We're trying to get intel, but it's tough. We need to progress with the market, make the right calls. We need to stay light on our feet so we can change course and morph as we need to [stay] consistent with our culture and goals."
- "I'm a pessimist about this economy and expect it will continue to struggle. That said, I think we are positioned well all things considered."
- "I see more competition coming... This will result in driving down the market 'price point'. We'll need to respond by becoming more efficient in our production and also in differentiating our offerings (unique characteristics of our solutions that allow us to charge a higher margin)."

Others have organizational changes on the horizon that they must effectively manage.

- "In a few years the plan will be for me to hand over the reins. Completing a successful transition/hand off will be important."
- "Looking out to the future I would like to scale back my involvement in the business. I don't see myself retiring in a typical sense. But I'd like to position things so I could pull back."
- "Success will require that we achieve effective knowledge transfer. Our staff expertise must grow... Scalability is limiting growth and we'll need to find a way to grow effectively."

- “Looking out our revenue could be challenged. We just finished the largest job we’ve ever done and there isn’t one to replace it.”

Though the path ahead varied from business to business there was general consensus that the keys to future success would ultimately be linked to the CEO’s ability to build strategies that leveraged core strengths arising from three key areas:

1) Their Interface with Customers

- “We really understand our customers to a greater extent than anyone else.”
- “[We are] better than our competitors at aligning our solutions with the customer’s brand.”
- “Our process for developing business is unique. It’s relationship based with real substance versus hype. If we say we’ll do something customers know we’ll do it. We work collaboratively rather than try to jam customers to our will. We don’t think we’re always smarter than our customers as some competitors do. We’ll challenge, listen, but don’t dictate.”

2) Their Business Model

- “We have good brand awareness.”
- “A very scalable business model”
- “No one is offering what we do in our area of expertise.”
- “Production capacity and the expertise... that others don’t have.”
- “Quality is what customers say brings them back.”

3) Their People

- “A very strong culture and personal values. This really comes through as seen in the level of caring our people exhibit at the delivery level.”
- “Our number one asset is our people... technical guys, with people skills. A very unique combination... We’ve also built a strong support system around them.”
- “We’re very deep in experience. There are probably only 50 companies in the country who know as much as we do.”
- “We have a very high level of integrity. We tell customers that they may not always like us but they’ll always be able to trust us.”
- “Our people are a key as well. We look for people who are very discerning when staffing and we’ve been successful at finding them. We’ve also had tremendous longevity.”
- “We have quality customer service supported by strong systems and top quality products that meet or exceed industry standards. We try to customize (within reason) our offerings to align with how a customer does business.”
- “I believe our greatest strength is that we are very discerning. The look and feel of our stores, the product lines we carry, and everything we do is selected very carefully.”

How They Interface with Their Leadership Teams

As CEOs venture out into future they see their Leadership Teams looking to them to provide...

1) Vision

- “Maintaining the clarity of our vision – not letting this get lost as we execute.”
- “They need me to provide focus and direction.”
- “They need vision and direction. They need me to adequately prepare them for the hand off and transition.”
- “They will need me to do a better job of communicating the vision.”
- “They need me to be able to think strategically while seeing that we’re still delivering tactically.”

2) Leadership

- “The organization needs me to provide spirit and the impetuous to constantly drive forward.”
- “They need optimism about the future. I see success in our future and I need to help them see and believe as well.”
- “They need me to set and enforce the expectations – for example as relates to the need to shed those who can’t or won’t keep up. We need to keep and build our business with those who take ownership and accountability and get things done. “
- I need to help them see that I’m doing more than just talking about change. We need to have concrete plans, timetables, and defined accountabilities.”
- They also need to see me lead by example. Consistency in message and walking the talk are crucial.”

They understand that success is not something they can achieve on their own. They need people on their teams willing to get on board and take initiative.

- “Their support, their trust, a willingness to buy into a new direction.”
- “To take ownership... They need to buy-in to the fact they are responsible to be leaders... and not just employees.
- “I need their commitment to the company.”
- “I need the team to maintain their intellectual curiosity. To have a real passion for our clients. To always give best efforts.”
- “I need them to be able to function well without me. I have good people but I’d like to see them develop greater leadership ability... with me providing less hands-on operations leadership.”

They also value working with people willing to constructively engage in two-way communications.

- “What I need most is help to keep it “real”. I need to be pressed with the open and honest questions regardless of how hard it may be.”
- “I need their loyalty, but not blind loyalty. I need them to challenge me right up to the point we make a decision. Then I need them to get on board and act.”
- “Good two-way communication. I need their ideas.”

Overall, CEOs used very positive words when asked about their leadership teams, identifying qualities that inferred they were intelligent, motivated, and team players.

- Intelligent - Savvy, Smart, Bright, Talented/Gifted, Creative, Intelligent, Capable (able to operate independently)
- Motivated - Hungry, Energetic, Hardworking, Engaged, Energized about the future, Passionate/Motivated, Purposeful, Strong-willed, Dedicated
- Team Players - Tight, Unselfish, Compatible, People-Oriented, Honest, Conscientious, Possessing Integrity

Yet, when asked to rate the readiness of their Leadership Teams and Organizations for the future, the vast majority of CEOs expressed concerns. Rating on a scale where a 10 indicated ready to launch and 1 that they are still on the drawing board, CEOs ratings of readiness hovered mostly from 5 to 6.

Some have concerns that their Leadership Team lacks experience or business acumen that will be needed.

- “4 or 5 - Unprepared to execute a growth/roll up strategy... never completed an acquisition. The team would likely rate themselves the same.”
- “5 - On our way to a 7 or 8. We have new leadership in place having added a new CFO and CMO in just the past few months. The business is primed to move forward. I believe that I’m ahead of the team at this point. They’d probably grade us at a 3 or 4 on our way to a 5.”
- “6 - We need to increase our technical expertise... figure out how to successfully scale the business and capitalize on the existing opportunity for growth. While we’re strong tactically the team doesn’t understand the strategic perspective. The team would rate us higher.”
- “5 - The team would rate the same. While they have experience running our business as it is now, opening a new region is going to be a new challenge for them.”

For others there is concern that their team may be lacking in the ability to execute operationally.

- “6 - We stopped competing a while back and got a bit complacent. We’ve committed to changing this. I believe the team would likely rank us at a 6 as well.”
- “6/7 - We could do better in the area of partner recruiting/development. I believe the team would rate this the same way.”
- “5 - We have the tools but need to look at how we execute. This year we’ve operated for the most part in survival mode.”
- “6 - We have very good people in place but there are a few pockets where we need some work. I think the team would have a similar assessment.”
- “5 - Our original focus has served us well in simpler times, but won’t necessarily guarantee success looking forward. While the longevity of our team has been an advantage it also means that most of our team is older and may not be keeping up with the cutting edge new technologies. I believe our team would agree with this assessment.”

Conclusion:

If you're the CEO, or a confidant they trust and rely upon, the keys to jump starting organizational performance and strategic execution are in your hands. The interviews conducted point to four main questions that CEOs looking to operate at the top of their games must continually ask.

First, do I have the capacity needed to get everything done? The job of CEO comes with many challenges and, if unchecked, the demands can easily stretch individuals beyond their capacity to lead. Time must be set aside to chart the business course and shape the culture. Directing the day-to-day operation of the business requires a substantial commitment of time and energy. There are personal obligations to fulfill. In the end there are only so many hours in a day. To lead effectively CEOs must make certain they are realistically gauging and managing the demands on their time.

Second, do I have access to people I can trust to help me keep on track? When immersed in the heat of battle, it can be difficult for CEOs to stay above the fray. Business success is dependent upon decisive action and getting it right; delays are expensive, and time is money. CEOs must surround themselves with individuals, both inside and outside their organization, able to help them recognize risks and short comings, willing to tell them like it is, and ready to assist them in delivering timely solutions.

Third, have I effectively prepared the organization to pursue its future? CEOs must clearly set a course for their business consistent with the opportunities and challenges ahead. They must ensure that organizations remain nimble, with willingness to discard outlived paradigms, and willing to change. CEOs must provide a vision, set critical priorities, and provide the organization with a sense of urgency to action.

Finally, does my team have the experience and competencies we will need to take the organization to its destination? As optimists CEOs hope and expect that members of their team can rise to the challenges that they see ahead. Yet, hope is not a strategy. CEOs must realistically assess the capabilities of their team. When deficiencies are identified they must act proactively to develop, hire, or lease the experience and competencies needed. The future success of their business is depending upon them.

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