

The Chief Capability Officer

Delivering the Capability to Execute

A CEO in the Hot Seat

Jordan Harris slumped in his high-backed chair, weighed down by the worry that clenched his gut. He was facing public failure for the first time in his charmed career. The board meeting had not gone as expected; the situation was worse than he had thought.

He had had a simple goal going into the board meeting: to update the directors on the changes he had been leading, to position that while there had been some bumps along the way, things were broadly on track. These changes underpinned his successful bid to win the CEO role nine months earlier, and their success was critical to his future. His previous board updates had been positive, tinged with just the right amount of caution.

Of course there had been some rumblings from management and staff, and an occasional disgruntled call from a customer. Change of this magnitude would always have a few teething problems. The key was to work through each one, keeping the overall program on track. The rumblings had escalated a little over the past few weeks, but surely nothing to get too concerned about.

So he had delivered the same message – positive, tinged with a little caution. There was no cause for concern.

Or so he thought.

An unpleasant surprise

At the board meeting he'd made his presentation as planned. He scanned the faces and did not detect any serious issues; that is, until he reached Geoffrey Bullmore. A rough diamond, Bullmore had cut his teeth on the shop floor thirty years earlier and had worked his way up until reaching the CEO role of another automotive components company. He successfully led a management buy out and then sold the business at a nice profit. He was fond of saying, "I didn't get to this point by mincing my words."

Bullmore, in an explosive outburst, said, "Frankly, this is just not good enough! I play golf on the weekends with a director of You Neng Manufacturing, one of our largest customers.

"I got a real tongue-lashing from this director about some pretty serious screw-ups on the delivery of some products.

"Not only did we not deliver in full and on time, but we delivered the wrong products."

With an increasingly menacing tone Bullmore continued. “We all know when you’re dealing with automotive companies, if you don’t get it right and their production line stops, then we face significant penalties. Their director told me that almost happened.

“This needs to be sorted out, and sorted out fast.”

Jordan was stunned that something so serious had come to Bullmore’s attention and had not been brought to him. Another director then chimed in and said, “You may feel it’s early days, but if what Geoffrey was told is true, you need to fix this.

“This is something that needs to get sorted out very, very quickly.”

“I understand. I’m focusing on this. I will investigate this further, and I’m going to deliver a more detailed report to you at the next board meeting, in a month’s time,” Jordan responded.

Things, however, did not settle and Bullmore, in his usual blunt manner, said, “A month? You’d better have this sorted a lot faster than that!

“We don’t need someone leading this organisation who can’t make it run!”

Other directors, while silent, were clearly disturbed by the news, shuffling in their chairs, clearly displaying their unease. They were all party to the appointment of Jordan as CEO. Jordan sensed a much greater level of anxiety than he could have expected. He looked around the board table. Two or three board members, who were not particularly supportive of his appointment, avoided eye contact. He could see the look on their faces, almost mouthing the words, “This guy should not have been appointed CEO. Let’s see if he falls on his face.” Others around the table were clearly affected. It was startling how quickly sentiment could shift, and he was suddenly feeling exposed.

A sense of impotence

Unfortunately for Jordan, Bullmore had not finished. “So, tell me, how on earth could we not only fail to deliver the right things but also deliver the wrong things?”

“I’m not familiar with that specific issue. There have been a few things raised to my attention but I wasn’t aware of that one,” the CEO said, in a near-sheepish tone.

“There are a few possibilities,” Jordan continued. “There’ve been some changes in people in the organisation as we’ve undertaken the planned restructuring; there’ve been some changes in processes to accommodate the new way of engaging with customers; and we have made real changes in the systems to support the new approach.

“I can’t tell you which of those actually caused the problem. But they are the likely candidates we will focus on. I need to go back and investigate in more detail and find out exactly why this problem arose, whether it’s a one-off or a systemic problem.”

“You certainly do need to investigate because you clearly don’t know what’s going on in your business. Sounds like you need to get off your ass, get involved and get it sorted out,” Bullmore responded.

The chairman interceded, saying, “You know, I wouldn’t be using that kind of language. Jordan, as CEO, you do need to find the cause of the failure. Time is running short here.

“Sort it out.”

For Jordan, a promise to investigate further felt like an impotent response, but it was all he had at the moment. Rhetoric would not do.

Not jumping to conclusions

Back in his office after replaying the board meeting in his mind, Jordan tried hard to quell the unfamiliar worry that twisted at his gut and to approach the problem rationally. It was hard to do; he was in a very tough spot.

He knew he must not jump to conclusions; he needed to investigate and properly understand the root cause of the problem.

A memory flooded back of when he had first learned the importance of understanding the real root cause of a problem. He thought of the infamous worker walkout a few years earlier in the division of which he had been president. Right before a critical deadline, the workforce downed tools and the plant stopped. He had personally taken charge. He met with the workers and, instead of threats or bluff, he listened.

“Tell me what’s happening here,” he said.

The head union guy, Bill Jones, did not know Jordan well, and believed no management could be trusted. So he was wary to give too much away. “The conditions are lousy!” he offered.

Jordan asked, “What conditions?” to which he received a harsh, “The working conditions and the pay!”

“What are you asking for?” Jordan responded.

“A 10% pay rise, shorter working hours, improved facilities and a new canteen.”

Jordan was more than a little shocked and he started planning counter offers in his mind. Before he could open his mouth, the plant manager, Angus McDermott, jumped in. With his Scottish accent still in evidence, he said, “Bill, how did this start? What happened to get everyone incensed and walk off like this?”

“They want more!” the union leader replied.

“But what brought it to a head?” asked Angus.

“One of the guys bought some roast chicken from the canteen, and it had maggots in it. Everyone was angry that this canteen, which is the only place where they can buy food, would serve food in that condition. From there, it just escalated and everyone walked off,” Bill said.

“I’m not surprised everyone was angry if it is indeed true about the chicken with maggots,” Jordan said, dismayed. The union leader looked at him with interest; he hadn’t been expecting such an open response.

“If we could solve the food issue right away, do you think everyone would go back to work while we sort through the rest of this?” Jordan asked.

“What have you got in mind?” Bill was curious.

“How about free pizza for everyone for a few days while we investigate the canteen and come up with a plan to fix it?” Jordan offered.

Bill laughed, surprised. He thought for a few seconds and said, “As long as we have a commitment on negotiations on the other topics, I reckon that might just do it!”

And so everyone went back, the deadline was met and negotiations continued without further walkouts.

Sometime later, the entire matter was settled with very little change in pay and conditions. The root cause of the issue had been the food from the canteen and a joint working group had come up with a new approach that seemed to make everybody happy.

While Jordan was satisfied with how this had worked out, he had learned an important lesson from Angus that day. Before responding to problems, ask questions to find out what really happened. Before you come up with solutions, make sure you know what the real problem is!

The problem he now faced with the botched orders to one of their largest customers was a major one. He sensed if it was not resolved quickly then confidence in his overall change program would be undermined and cause it to collapse. If that occurred, he knew his time as CEO would come to an abrupt end. His entire future was being gambled on the changes he was leading. He had never planned for this, yet, instinctively, he knew if they were successful, many would want to share in the accolades. If they failed, he would suddenly be very alone.

How Did It Come To This?

To the outside world Jordan was the archetypal CEO. A moderately successful athlete, he had carried the athleticism through his life, remaining fit and healthy. While perhaps not having the looks of a Hollywood leading actor, a strong jawline, hints of grey in his hair and lines on his face in just the right places combined to create the ‘right’ image. Confidence born from success, an affable nature and sharp intelligence completed an appeal that few were able, or wanted, to resist.

His greatest strength, however, was not his personal presence. It was his ability to create a big picture, a mental image of the way the business could be different and better, and to convey that big picture to others around him. Importantly, he enthused people with this new big picture, and

enlisted their support through the often difficult period of change that ensued. He had done this at different levels in the organisation on at least three occasions, in one case creating a whole new way of doing business for the division he led.

The world did not see the self-questioning, the times when self-doubt gnawed at him. He knew self-doubt was a facet of life that only the truly narcissistic escaped, but he was not thankful for it. To others, his career defined success, yet in his quiet, private moments he sometimes felt it had come too easily, that he did not know how he would react when the pressure increased, when the blow torch was applied to the belly.

Suddenly lonely at the top

Right now, the potential failure he faced exceeded anything he had experienced and he felt like the proverbial deer in the headlights.

He had discussed it with his wife. An oncologist, she dealt with difficult, pressure-filled situations daily. However, her sharp intelligence could not quite relate to the attraction and stress of working for numbers. He had tried to explain how having a set of targets gave objective measures of success, how he was not reliant on subjective judgment by his boss or others. The pressure and stress in her career were of a different type, and as empathetic and emotionally intelligent as she was, numbers and targets just didn't resonate for her.

So, as well as feeling acute worry, he felt isolated. As CEO, the phrase 'the buck stops here' had never rung louder nor truer. It can be very lonely in the top job.

He allowed his mind to replay that first board presentation when, as a candidate for the role of CEO, he had presented his ideas on how the company should be reorganised and focused.

The first board presentation

Jordan had presented his concept of new synergies between operations, of organising and structuring the operations to focus more on the needs of the customer, and more completely fulfilling the needs of each customer. He was really pleased with how well those concepts had been both understood and accepted by the board.

And it had worked. He had won the role of CEO.

As he walked into his office on his first day in the new role, he had a genuine excitement and looked forward to rolling those changes out, to getting the company running in a much more customer-focused way, driving significant growth. He looked forward to the sense of accomplishment he expected to get. In his mind's eye, he could see how the organisation would look. He could see the organisation's structure.

He knew the positions needed and who would fill most of those positions. He had the organisation chart in his mind. Actually, he had done most of the thinking on that prior to the board meeting.

As he sat behind his new desk, on the first day, in the first minute, he had taken a moment to contemplate the success he, and his company, would enjoy. He imagined where that success might lead him. The new opportunities it might create for him. But then, mentally, he slapped himself and said, “No, first of all we need to make this happen. Let’s get back to reality; let’s start thinking about what’s going to be first. The first thing you need to do is to sell the concepts to the organisation and customers.”

He knew he needed to explain to the organisation, to his management team, why the changes he had in mind were important. Indeed, why change at all? What were the things that were driving the need for change? There was more, but this was always the starting point. Years earlier he had read an article in the *Harvard Business Review* on this topic that had really resonated with him. The author had proposed that there were only two real ways to explain the need for change – *Slay the Dragon* and *Save the Princess*.

Slay the dragon

One reason given for the need to change is to combat an external threat, reminiscent of a knight in shining armour riding out to slay the dragon that is threatening the castle.

In the case of Leader Manufacturing, the threat to their business came from intense competition in the automotive marketplace. New low-cost providers came online all the time and posed a real threat to the relationships the company had with its major customers.

The changes Jordan had proposed were designed to deepen the relationship with customers, broaden the product range offered and add value, all of which were designed to combat the threat of these low-cost producers.

Save the princess

The second way of positioning the need for change is ‘Save the Princess’. Jordan had imagined a long-haired princess in a tower and a brave knight rescuing her to win her hand and heart, with both living happily ever after.

In the case of Leader Manufacturing the prize was a deeper relationship with key customers and substantial revenue growth.

So Jordan took every opportunity to remind his own organisation that there was both a dragon to slay and a princess to save with the new strategy. It had resonated. The teams had responded positively and seemed to willingly take on the challenges of implementing the new strategy.

The first 100 days

Jordan believed in the importance of the first 100 days in a new role, a well-studied period in the on-boarding of a new executive. This 100-day period created a platform for the future that, if done well, would be solid and rock-like, or if done badly, like shifting sands.

He knew from past experience that the most important thing he needed to do in the first 100 days was to listen. So he had taken a tour, visiting the major countries, where he simply sat down and communicated with people. He listened to the issues they faced. He then talked about his

vision for the company, and where it might go, and had listened intently to the reactions to this strategy.

He communicated with customers to understand their perspective on the support and service they got from his company and to position the new approach. The feedback was positive, but sceptical. He thought the President of You Neng Manufacturing had summarised it best: “What you are proposing is positive and if you can make it work we would be definitely interested. However, you must prove you’re capable of doing this before we would commit fully.”

He had talked to key suppliers to understand the challenges they might face, whether they saw working with his company as good, bad or indifferent, and how they envisaged things could be improved. He also discussed his own concepts about the way his organisation should be structured and run.