

# THE MACRIS GROUP

UPDATE NEWSLETTER VOLUME NO. XVI– AUGUST 2017

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## From Dean's Desk:



### Prologue

This is our third issue where we continue to develop the concepts of the Ten Lessons Learned from Thirty-Five Years in Consulting written by Joe Bockerstette. Thus far, we discussed the below five lessons learned:

1. Success depends far more on the client than the consultant.
2. Figuring out what's wrong isn't that hard.
3. Leaders don't know how work actually gets done.

4. Leaders and managers also don't understand process.
5. Companies measure what's easy, not what's important.

This issue focuses on:

6. Change is simple, just not easy.
7. Leaders would rather hire superstars to solve problems than solve problems.
8. Industry experience is overrated.

As done in our last issue, we continue to provide case studies from The Inner Circle. While we will always respect the confidentiality of our relationships, we feel the sharing of the essence of some of our engagements to be illustrative of the issues confronting corporate leaders.



## Lessons Learned for Better Leaders and Outcomes #3

A. C. Macris

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### Discussion

#### #6 Change is simple, just not easy

If you have lived through a major change initiative, you understand this statement probably too well. If you have never experienced a major change initiative, you may be scratching your head asking how it can be simple but not easy. We human beings generally do not handle change well. We like our routines and doing things the way we have always done them. However, as we have written many times in our Update articles, an organization does not improve or come close to real success by doing the same thing year after year and not taking a close look at how things are being done and the tools used.

We define an organization as being made of three parts – People, Processes and Technology. In the past, and probably a very small number of organizations today, technology was not necessarily a key aspect. Today it not only is important but, in many cases, it is the driver of the organization. We have been involved with many cases where a major change initiative was needed because of the implementation of new software. That software change may make the existing organization and processes out-of-synch with the requirements of the software. Change is needed. Simple right? Just change the functions and the pro-

cesses as needed. Wrong! The organization dictated the technology change to align themselves with their vision of a successful and profitable future. However, the people who needed to make it work did not want to see changes in what they did, whom they did it with and how it was done. In other words, there is generally resistance (at least initially) to changing people and processes. Sometimes this resistance is very direct and very vocal (overt). Then there are times when the resistance is an undercurrent that gathers strength and attempts to short circuit or subvert the changes (covert).

Regardless of the trigger of the change – new software or a new corporate initiative – the change will only be successful if it is presented, implemented and measured properly with full and active support from the whole senior management team.

There have been many books written, many courses offered and many consulting firms ready to guide you through a change initiative. There is, of course, no one size fits all solution and no “best” approach. Each organization is different and each needs to develop a change initiative that best fits the culture and the nature of the business. Regardless of the specific approach taken, there are some basics of change management.

- Understand why the change is needed. This must be defined

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so that all layers of the organization can understand. People hate change, but if they must change, make certain they can see the long-term benefit, can understand where they fit in the overall scheme and can understand the need to change. An important factor to evaluate is the impact of this change on the culture of the organization.

- Establish a sense of urgency. Without this, many will just keep on doing the same thing and decide to “wait this thing out.” But, don’t just establish a timeline without taking into account not just the technology or process side but also the people side. It has to be a realistic timeline.
- Start at the top of the organization and involve every layer. We can’t emphasize enough the necessity of getting full and active commitment and support from the top of the organization. We have seen cases where the CEO said he was committed and then put out the most unenthusiastic video to all employees. The employees could readily see the lack of enthusiasm and developed the same blasé approach. If all layers of senior management again do not actively and positively support the initiative, it will die a slow death.
- The next most critical step is to communicate – clearly, accurately, honestly and frequently. You cannot communicate enough. It shows the urgency, sells the business case and most importantly reaches to all levels of the organization. This is another instance of it’s simple but not easy. In fact, it is complex and difficult. However, building and implementing an honest communication plan is a key step that is often underestimated.
- Look to build change champions at all levels. Identify key people who have influence in the various levels of the organization. Spend time with those key people and bring them into the planning. Build their trust in the initiative. Be patient. Not all key people will jump right on board. They need to be educated on the need for change. They need to be stroked. They need to be empowered. If you can build champions among the key player at each level there is a good chance change will be successful.
- Build measures that will accurately show progress toward implementing the change. Don’t just have overall measures. Develop measures at each level, including, if appropriate, interim measures so progress can be seen on the road to full implementation. Identify small victories and celebrate those victories. Interim steps are critical to reaching the end goal. Make a big deal out of achieving interim steps.
- Plan for some missteps along the way. Not everything will go smoothly. There will be mistakes. There will be some holdouts, who either will overtly or covertly try to block success. Expect those and try to use those instances as learning tools, but also don’t sacrifice the initiative for a few who refuse to support it.

See change is simple! However, it certainly isn’t easy.

## **#7 Leaders would rather hire superstars to solve problems than solve problems.**

Perhaps one of the largest hurdles we confront in our business is our smallness. While we are getting smarter, in the past, we opted to bid on larger projects we were completely comfortable in being able to complete successfully, because we had a strong network of professionals who could supplement our smallness. While successful in some, we were often considered too small to support the project. The reality was we were viewed as too small to be able to blame or sue if something went wrong. The other consideration here is that whomever was looking for the support owned the project, so they were in line too, but the contractor provided a buffer.

When looking inside an organization, similar situations exist. We have always been proponents of looking within for solutions to problems. In our work, we find the answers reside with those closest to the problem. To a leader that can be a threat, although it certainly should not be. Embracing this concept, places other demands on leaders – they have to lead. Monitoring a computer screen with financials and metrics is fine, but to address serious issues and problems, a leader has to be close to their people. A classic dilemma of meeting the dreaded quarterly reporting requirements or leading and learning from those closest to the work. Worse yet, finding the best person who is closest to the issue and empowering them to fix it. That too takes leadership skills, and as the leader, you still own it.

The expeditious alternative is to hire someone to take the issue. A few dynamics come into play. By hiring someone, the monkey off the leader’s back, but if the leader makes a not-so-good hire, the leader still owns it, which increases the leader’s risk profile. So far, none of these options really releases the leader of anything. Up to now, the leader is in the direct line of culpability and resulting consequences. With all this said, the easiest and most expeditious thing to do is to hire a superstar. By hiring a superstar, the leader demonstrates his or hers leadership acumen to either the BOD or anyone above in the chain of command. Such a stellar choice reduces the leader’s exposure if something doesn’t work out as expected or desired. The blame and resulting consequences are shifted away. The worst outcome for the leader who made the selection is some disruption to the organization and some cost consequences; otherwise, he or she is insulated.

In summary, solving problems can be a daunting challenge to leaders. Looking at spreadsheets is easy, and numbers can be manipulated (believe me we have seen how manipulating numbers relieves pressure in the short term). Managing the business processes, knowing the business and the people who make the organization tick requires getting out into the organization and working the problems. As a leader, lead those who can make a difference, empower people, and hold them accountable. These all take energy, but yield great returns. Attempting to shift risk to someone else is a weak leadership tactic. Soliciting insights from experts that guide your thoughts and actions is a very sound tactic, but as a leader you must own the issue and it’s solution.

### #8 Industry experience is overrated.

Within the context of leadership, industry experience is a very interesting consideration. One of the classic leadership stories of the 'Turnaround' era was that of Al Dunlap, CEO of Crown Zellerbach, Scott Paper and then Sunbeam. This story goes both ways. In the paper world for the 1980s and 1990s, Al Dunlap, more commonly known as 'Chainsaw Al' because he would turnaround these paper companies by slashing people, assets and anything else he could. "For a while, things were good in the career of Al Dunlap. He turned Scott Paper and Crown Zellerbach into profitable companies by ruining thousands of lives, selling off the corporate scraps, and making millions for himself in the process."<sup>1</sup> Sunbeam hired Al because of his "reputation" as a turnaround guru, but he failed miserably. In the paper-manufacturing world, he may have been a stockholder's dream, but in consumer products world the culture was quite different as was the industry. Adding to his problems, he seriously 'cooked the books.' "Dunlap was fired, sued, and sued some more. Old success stories were debunked. Sunbeam went bankrupt. And Al Dunlap never worked as a CEO again."<sup>2</sup>

What does this have to do with industry experience? Joe Bockerstette's position is that business processes are surprisingly consistent and stable across a wide range of industries, business models and company sizes. Indicating that, because of this level of commonality, it doesn't matter much if leaders have industry experience and in contrast an influx of new ideas is valuable. We concur with Joe, but we take a bit further from a leadership perspective, we feel context is keenly important. Industry experience perpetuates industry culture in most cases. Therefore, if change is truly desired, maybe industry experience is not the answer. Therefore, taking into account Joe's comment about the commonality, having a leader who understands people, leadership and management, as well as the context of an organization and its culture is a far better predictor of success. This relates to the above discussion in that finding the right leader who has the attributes, experience and knowledge can be a challenge. We believe the effort is well worth it. The alternative can be, and in most cases deteriorates into a less than desirable outcome for the company and their employees.

### Inner Circle Case Study

Our most recent Inner Circle case study has to do with a leader, essentially an insulated and isolated leader. As indicated previously, we sanitize these case studies to protect the confidentiality of our clients. This happens to be a not-for-profit entity. These types of organizations are unique for several reasons. Many do not have the traditional organizational hierarchy. For instance, there probably is a Human Resource function, a financial person/treasurer, and maybe an operational person. Most have a board of trustees who oversee the organization. The CEO or leader is fairly insulated, and in some not-for-profits, has to deal with some confidential issues which are not typically discussed with the board. This is a perfect stage for the Inner Circle.

For this case study, the CEO was mentoring a person who possessed the capabilities to assist the CEO in many of the routine functions and tasks on a day-to-day basis, as well as support the CEO in major activities and functions. We might refer to this person as a 'right-hand-man' who had many of the qualifications of the CEO but not the experience or depth of knowledge; a perfect mentoring relationship. Unfortunately the mentee felt there was a disconnect between the two of them, apparently, a rather deep philosophical divide; and one day decided to pack-up and leave. No discussion, nothing. When we say being a CEO is a lonely job, this situation is perhaps one of the worst. The haunting thoughts of what went wrong, why and how did the CEO fail this person, and why should the departure be so harsh in the sense of no communication?



This CEO knew of the Inner Circle and called; first to share the shock and disappointment of the event. A person who they thought was close and had common perspectives and values had just departed without notice of any kind. Our first order was to listen, as we did. The next order was to provide a framework and define the goal such that the CEO could structure their thinking. Without this framework and goal, coupled with the anguish of the situation makes sorting out any form of a solution difficult. In essence, we helped guide the CEO's problem solving thinking. The CEO needs to develop the solution, we can only guide, advise and challenge their thinking until a solution becomes evident. This engagement is ongoing, and, at this point, we feel the CEO has a grasp on the situation with initial 'next steps' to embark upon. Once those steps happen, we reassess the situation and develop future actions.

A quick word about 'the goal.' Deciding whether effort should be expended, and what the potential end-point is seriously important. Many times we assume a goal without challenging our thinking, pursue the goal only to find out it's the wrong goal. The Inner Circle is uniquely suited to validate such goals. We know when a goal is either unrealistic or improperly focused. We are sufficiently removed from the emotion of the situation to drill down into the unemotional issues and formulate a realistic strategy toward a well-defined goal.

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