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A time for vision

There's no hiding place when taking the hotseat in an organisation. Criticaleye speaks to leading CEOs to discover how they successfully negotiated those all important first few months in charge

There's no real bedding-in period for a newly appointed CEO. The new boss must come in, quickly assess the health of the business, the quality of the personnel and devise a strategy for moving forward. In many ways, the leader's ultimate success can depend on the tone set and respect garnered in those first few months in charge.

Trevor Matthews, the CEO of insurance company Friends Provident, says: "I have been a CEO in companies of all shapes and sizes; each time it's struck me that, once you cross the threshold, it's quite a different world."

In the beginning, it's important to gain a true picture of the business – one that may have been glossed over during the hiring process. Some of the main areas to investigate include:

- Cash flow
- Where does the business make its money?
- Are key stakeholders happy?
- Is senior management effective and efficient?
- Can reporting structures be improved?

It's also necessary to demonstrate that a change at the top has been made.

Phil Smith, the UK and Ireland CEO of technology provider, Cisco, says that it's vital "to be visible as people need to get to understand what your values are and what you are about; this will make them appreciate your approach to decisions".

Darryl Eales, CEO of private equity firm LDC, agrees: "In the first three to four months, I made sure that I was visible. It was less about issuing communications and processes and more about just talking to people... It was a cathartic experience for me to hear what everyone across the company thought."

The key is to be hands on. **Steve Easterbrook**, the President of McDonald's Europe, notes that he wanted to avoid sitting down and trying to start from scratch. "I'd seen and heard enough about rewriting strategies and vision documents and mission statements and all the rest; I didn't want to do any of that," he says.

VALUE CHAIN

Aside from meeting employees, a new CEO will often speak to the main stakeholders, such as suppliers and customers to establish a first-hand sense of how the business is perceived. **Stuart Laird**, the former CEO of support services giant, Jarvis, says: "Unless you take the time to understand what makes the business tick, you can make the wrong assumptions in the boardroom if you're not careful."

Matthew Dearden, CEO of advertising concern, Clear Channel UK, says: "I wanted to set the right tone as that is something that stays with you. I also wanted to check if there were any immediate fires that were going to hurt me if I didn't deal with them. Having concluded that there weren't, I had time to learn about the business and consider how to contribute better over the longer term. It's an interesting balance of being respectful to what has been achieved in the past and also being clear about driving change for the future."

For **Andy Bond**, the former President and CEO of Asda, there were some tough decisions to make upon taking the helm at the supermarket giant. "The first 100 days were really about making sure the company understood the situation because we had become a little anaesthetised to the reality of life. The toughest part of that was making about 2,000 people redundant, which was not an enjoyable task but it had to be done."

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FRESH BLOOD

It's rare for a new CEO not to have to bring in some additional personnel at a senior level, which also sends a strong message to the other executives who will, in all likelihood, be attached to how things used to be.

Stuart comments: "You have to assess the management team around you, as they're the people who will be essential for your success. Is it structured in the right way or do you need to change things around, bringing in people or generally restructuring things? I would be surprised if there wasn't some form of change in the new regime."

Matthew found this to be the case at Clear Channel. "I inherited a structure where I had an MD running all the current and market facing activities, and an FD who looked after all the other functions supporting him. I concluded that I wanted to bring in greater expertise for areas like business strategy, delivering change and HR," he says, noting that this led to some individuals opting for pastures new.

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Jo O'Connor, CEO of Tie Rack Retail Group, made a similar decision, quickly bringing in a CFO and a head of HR, which she describes as "critical appointments". But she's found it equally important to address the mindset and culture of the senior team that is staying on. "My constant mantra is about personal accountability for decision making," she says. "I continually talk about cause and effect, action and reaction. I will ask who is responsible for a decision."

PACE OF CHANGE

The toughest dilemma for a CEO during his/her first three months will be judging how fast to implement change. Andy acknowledges that he may have acted a little too dramatically when implementing his strategy for Asda: "If I had my time again in the context of how I'd manage my first 100 days, I would probably have been a bit more long-term in my thinking about what I needed to do. I think I was a little bit brutal and I would have liked to have had the chance to be a bit more long-term."

Matthew comments: "Given that there have been aspects of the business that have pleasantly surprised with me with how good they were, but also parts where I think we can do a lot better, it's been a challenge personally to find the balance between which people and functions to push hard on and to say to the team: 'Look, I know you think I'm pushing too hard but I want us to go for it.' Whereas, with others, I can see that pushing is not going to be so productive, so it's better to back off a little."

The trick is to pick the right battles. **David Wither**, CEO of wireless technology company, Sarantel plc, says: "There were areas where I felt I was able to contribute to the team and help out immediately. In some areas it took much longer and, in certain cases, it required the recruitment of new talent. In other areas I feel like my impact on the organisation has only now started to unfold after seven years at the helm."

It's an unforgiving, high-pressured environment and one of the prices of calling the shots is that mistakes will be made along the way. "Make your first decisions good ones as they will be massively scrutinised," warns Phil. "If you hire or fire wrongly it could be fatal."

David reflects: "If I had to do it over again, we would not have aggressively pursued the consumer market, where we had early success. Unfortunately, that success did not last and we had to change the strategy after about three years – that hurt!"

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BOARD SUPPORT

The board undoubtedly has a role to play in assisting the CEO. Stuart recalls that when he joined Jarvis he explicitly asked the board for assistance, particularly in engaging with new people to generate more business. "They responded very positively; it was just what they wanted to hear," he says.

Conversely, Andy reveals that he felt quite isolated in the early days of his tenure as Asda was very much an independent subsidiary of Walmart, which effectively allowed him to run his own business. "I [didn't] have a chairman, so it was an amazingly lonely period of time and I would really have appreciated an arm round my shoulder quite frankly."

Still, no one takes the top spot under the assumption it's going to be all plain sailing. **Julian Roberts**, Group CEO of insurance provider Old Mutual, comments: "It's quite clear when you're the group chief executive: there's nobody else, it's your decision. The idea of getting used to evaluating things quickly and making decisions quickly is something you need to do in the role. Maybe, if I had learned to do that a bit quicker earlier on in my career, then that would have helped me in this job."

Bosses earn their corn from the decisions they make. If fundamental errors in judgment are made regarding operations and personnel in the first 100 days, then it's going to be extremely difficult to deliver on strategy further down the line.

Essentially, business is about results. If success isn't forthcoming then, as football managers throughout the sport are discovering at the end of another season, there can only be one outcome.

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Featuring commentary from:



Andy Bond
Former President & CEO
Asda



Matthew Dearden
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Darryl Eales
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Steve Easterbrook
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Stuart Laird
Former CEO
Jarvis



Trevor Matthews
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Julian Roberts
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