



What should CEO's really do?

CEO focus will help develop performance and improve the work/life balance

Enough has been written about the CEO's role, in the form of complex discussions on the attributes of leadership and management. I can even uncover complex matrices that consultants do a great job in creating, often making a simple issue more complex. In spite of all of this, in my 17 years of consulting experience across the globe, I find CEO's struggling to manage their time, stressed out, fire-fighting, unsure of their direct reports competency and actively involved in operational issues they would love to stay out of. It doesn't help the organization, and it clearly does not help them and their health. At a recent Advanced Management Program at Harvard Business School that I attended, most of the participants regretted having spent their 40's in this situation, and missed spending time with their kids growing up. Let me make an attempt to outline what I think are the 5-6 areas you, the CEO should focus on. Hopefully it will clear your time up, and also balance out some of your personal and professional life.

Formulating Strategy

Since the CEO is responsible for delivering the financial expectations of the shareholder, he must be clear himself, and must clearly communicate it to his management team. The strategy for faster revenue growth is different from faster profitability growth. Pick one realistic financial objective, and build a customer, product, process, organizational, and IT strategy around that. No more than 25 objectives, so that you can divide it amongst 5-6 direct

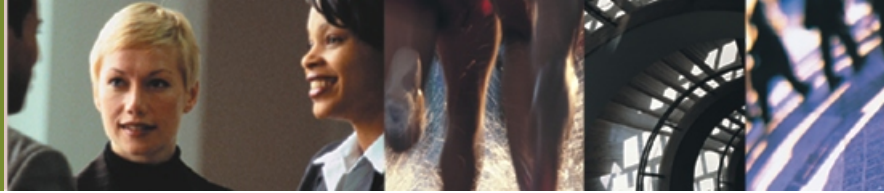
reports. If each of them can't do a decent job on 5 objectives, they in any case don't deserve to be on the management committee. Don't drive yourself crazy trying to handle all the objectives. Go find a better team.

Monitoring Implementation of Strategy

Most CEO's get so tired of the strategy formulation process, that by the time it comes to implement, they would rather rely on the CFO tracking performance on budget variance. We all know the budget is between a major and a minor fudge, and its numbers and intent don't fully reflect the strategy. The better solution is rather than tracking all the initiatives and activities, focus on monitoring the top 20 financial and non-financial objectives defined in the strategy, with greater focus on problem solving in areas of strategic performance that are lacking. If the Regional Sales Manager for a region has resigned, and that region accounts for 10% or less of sales, wasting precious CEO or executive committee time isn't worth it. The sales director should deal with it off line. 3-4 hours of a monthly review is adequate to ensure effective monitoring in most cases.

Selecting the best direct reports, and structure

This is what is making most CEO's hair grey faster than required. Most CEO's have too many direct reports, the quality is suspect, and they often don't show enough spine to be held accountable for decisions they are authorized to make. They either put it in committee decision mode (which



means no decisions) or they push it upwards. If you do not think that the guy can deliver, he is not ready to be a CEO direct report. No amount of training at this level will fix the problem, if he hasn't learnt most of it in his 15 year working career. Spend time finding a team of 5-6 people who are entrepreneurial in nature, reasonably bright, know how to take instructions, have great follow through, and with whom you have good chemistry. I think having a reasonably good direct reporting team can clear 30%-40% of a CEO's time.

A couple of words on structure. Keep it clean and simple. Clear authority and accountability, ensuring most/all activities that make a division succeed under the division president so that you can hold him accountable, with standard support functions under a CEO. I am sorry, but I do not believe the management maturity in most organisations lends itself to the more esoteric structures that may exist (e.g. matrix).

Let them make mistakes

Even the best guys will make mistakes, just like you. If you want to encourage them to take decisions, let them know it is ok to make mistakes a couple of times. Obviously if its more than a couple of times, or catastrophic, the person isn't ready for the position.

Focusing on the customer

How much time does the CEO or even the board focus on customer issues? Unless there is a fire-fighting situation, I'm afraid no more than 10%. Unfortunately, we cannot seem to get ourselves out of the habit of thinking that if we set up a great plant/trading operation, the products will sell on their own. This is especially true for industrials. Spending 20%-25% of your time on customer issues or interacting with customers will go a long way in securing your sales/revenue targets without which the back end means nothing.

Monitoring key projects

Companies spend tons of money every year on projects that



they can't even remember why they started, or what value they will bring to the enterprise. Let's learn to pick the right set of projects that help

deliver strategy before we jump onto the next lot. Meanwhile, it would help if the CEO and executive committee would actively scope and monitor the top 5-10 projects that are either going to be responsible for generating a significant part of the additional revenue, significantly improve cost efficiency, or help manage companies risk.

Governance & Culture

They go hand in hand. A culture of pay for performance, integrity, openness, entrepreneurship, hard work, and teaming will lead to not only strong performance but also simplify the role of governance within the organization. Spend 10% of time in this area and it will pay back quickly.

A final word for those who will complain that they cannot implement most of the above because they work in family owned businesses. 80% of the world's businesses are family owned. So unless you are planning to leave this planet anytime soon, might as well get going on the above, and enjoy the ride.

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