

View from the Top

Challenges with leading and managing.

Corner Office

Arcus talks with top executives about the challenges of leading and managing.

Arcus asked 1200 CEOs about the most important lessons they have learned in management and leadership. The most important leadership lesson CEOs have learned is to force themselves to think about doing things that they did not think were possible.

Contact Arcus for a presentation on best practices in innovation, management and leadership.

The most important leadership lesson

If you already know the path to the goal, "it's probably not ambitious or aspirational enough," says Shantanu Narayen, president and C.E.O. of Adobe Systems, the software maker in a recent interview. Challenging individuals by setting goals and then letting them use their ingenuity to accomplish them is something good leaders hope to pass on as part of their leadership style. CEOs want to set a common vision and then engage really smart people, amazing things can happen. The other aspect of being a good manager has always been getting gratification from what others do, because the higher you get in management, CEOs say, the less you do yourself.

Calibrate your goals

How do you make sure goals are calibrated properly? The key is to have a balance between realistic and stretch goals. But if you can connect all the dots between what you see today and where you want to go, then it's probably not ambitious enough or aspirational enough. On the other hand, if people look at it and say there is no way that's going to happen, then it's probably a little too much.

Insights from the most innovative companies

CEOs say that you have to really believe you are going to change the world. That is a mantra of the most innovative companies. If you do great work it can have just a tremendous and profound impact on society. CEOs say this can really be very motivating.

How to introduce culture shifts

One of the things CEOs are trying to do in the past few years is introduce this notion of general managers — they equip people with the responsibility to make the decisions that are required to drive the business. They are more likely to say said to them, "Go run your business, make the decisions and make the trade-offs." Some of them will be hugely successful and some of them will stumble, but that's a risk innovative CEOs are willing to take. CEOs need to create a culture where the organization allows people to take risks and grow their careers. CEOs also talk about creating a notion of "seeds," to bring the venture capital culture into the company, to allow people who have a creative idea to run with it, but in the structure of a larger company.

This ingenious approach has a person who runs the seed and is called an “entrepreneur in residence.” The way to budget seeds is not the traditional approach. For example, a head count of engineers or how many product marketing people are needed won’t work. It starts with a venture capital approach of a first round of funding, and then ask for the metrics. If those metrics are accomplished and if the CEO still thinks they want to go from seed funding to first-round and second-round funding, then the company may invest more money into it.

How to build a team

Innovative CEOs have a big belief in management. They say people don’t change. As we age, we are less likely to fundamentally change as human beings, and so their management philosophy also tends to be that if a company can complement people’s strengths by surrounding them with people who can complement their areas of weakness, that’s probably a better recipe for success than trying to say that people need to change. If somebody is really all about creative ideas and driving the vision, then expecting them to be very organized and compulsive is probably not a winning proposition.

What to look for when hiring

The biggest predictors of success are raw intelligence and a passion for what people do. Innovative CEOs try to look for people who are going to have tremendous passion for being at the company, as opposed to this being just another job. CEOs who look for people in very senior levels, I also look for whether they share the fundamental values of the company. Unless people really internalize and believe in the core values of the company, they’re highly unlikely to be successful. Some favorite interview questions include “Tell me what you think this job is all about.” They also tend to just allow candidates to speak about what they want to do, and what they think the job is about because it sheds light on what they think they want to do in the company. Innovative CEOs also typically also end an interview by asking candidates how they can make a difference. These CEOs also tend to spend at least three or four sessions with somebody they plan to hire, because CEOs want candidates to also get a good sense of what the company is about.

Feedback from your direct reports

Innovative CEOs tend to be very comfortable with ambiguity and uncertainty, and believe that allows for more inquiry, which they like. One of their fundamental beliefs of management is that people accomplish great things by surfacing ideas that everybody has, and cutting off a conversation doesn’t accomplish that. But there’s a balance, because if CEOs let a conversation go on too long, it’s possible that could miss windows of opportunity.

The way to run meetings

One of the ways CEOs try to change their management style is in the quarterly business reviews. They try to focus more on getting people who are presenting to discuss their insights, and to lead the discussion of what they want to accomplish, and where the business is working, and where the business is not working, and what they are worried about — as opposed to sharing reams and reams of data and then expecting CEOs to make pronouncements about the right thing to do. Because, frankly, they’re closer to the business. And the more CEOs can get them to feel ownership for the decisions, I think the more successful you are.

You certainly give them your input, you certainly coach and guide them, you channel them into areas that you believe they need to think about. But that's one way in which I'm trying to change as we grow this next generation of general managers. I want them to feel like the business review is their opportunity to talk about where the business is going well, where the business is not going as well, and what's keeping them up at night so that I can help them, as opposed to them feeling like they're under the microscope, and all they have to do is show you they're on top of the data, which I think is a meaningless exercise.

Managing time and e-mail

Wherever CEOs are around the world, they like to go to bed with fewer than 10 e-mails in their in-box. Sometimes there are attachments that require a little bit more effort, and so they don't want to be flippant, either. But for ones that are F.Y.I., they just delete them. They try never to read an e-mail twice and delete it after reading it. One of the common philosophies is to respond as soon as they can, and if it's important enough and they have deleted it, they say it'll come back. They have another philosophy, which is, unless they are the sole person on the "to" line, they don't feel the need to respond. Deleting emails makes them feel they have dealt with it.

What business school should teach more of

CEOs say business schools need to focus more on a cross-functional curriculum to help aspiring managers think about things not from the perspective of finance or marketing, or accounting, but cross-functionally. The second thing they say is leadership and really talking about how companies equip people to think and learn and adapt. They say it's more reflective of how successful somebody is going to be, as opposed to a mastery of a specific piece of work in one of those functional disciplines. They believe that sharing experiences and enabling people to reflect on what's important to them and how they would react is certainly a way for individuals to be able to think about what's important to them and how they hone their leadership style.

Insights into how others manage and lead

People are asked by CEOs to tell them the hardest issue that they have faced and how they worked around it, and how they think about it. They say that in dealing with adversity and challenges, CEOs learn a lot more about how individuals react. CEOs also tend to learn from friends who run public companies. They tend to ask them about the tough times that they have faced and what they have done. CEOs say people can learn a lot from what others have gone through. They also realize that they are not alone when they experience some of those challenges themselves.

Dealing with failure

CEOs say there is no such thing as failure. CEOs are always learning. They gain experience. They look back at aspects of their careers where somebody might look at it and say, that a start-up wasn't successful. But the CEO may say, they have learned how to build a team, how to raise money, how to sell a vision, how to create a product." It was a great steppingstone for them.

Arcus' service offering for senior executives

C-level viewpoint on strategic planning

A recent Arcus survey of over 800 senior executives indicates strategic planning can be a frustrating exercise. Just 45 percent of the respondents said they were satisfied with their strategic-planning process. Only 23 percent indicated that major strategic decisions were made within its confines. Given these results, managers might well be tempted to jettison the planning process altogether. But there are ways to increase its value. Many different elements of strategic thinking are necessary to ensure success. We offer a comprehensive toolkit of approaches to help clients with specific needs around growth, globalization, competitive issues in the marketplace, and a number of other strategic and tactical concerns that may arise.

Strategy under Uncertainty/Scenario Planning

We work with clients to formulate strategies that take advantage of the opportunities presented in highly uncertain business environments—while also managing the risks. For example, companies and their consultants have long used scenario planning as a tool for managing uncertainty—but often use scenarios that are slightly altered versions of the same future. We believe scenario planning works best when it focuses on the elements of the future about which there is the greatest uncertainty. Will new regulations be passed? How long and severe of a downturn will we face in our sector? This approach yields a divergent set of scenarios that represents a plausible set of potential alternative futures.

Business Unit Strategy

A powerful business unit strategy focuses on creating shareholder value by producing products and services whose value exceeds the cost of providing them; capturing value from competitors, customers, and suppliers; competing successfully against others for market share; and cooperating selectively to enlarge the potential market. Central to these decisions are the challenges of selecting how and when to compete.

Corporate Strategy

Making the corporate "whole" worth more than the sum of its parts is the biggest challenge facing many multi-business companies. We work with clients to define a role for the corporate center that goes beyond monitoring operations, allocating resources, and coordinating shared functions. We help the corporate center shape the company's direction and boundaries and identify privileged capabilities and insights.

Strategic Management

We studied dozens of best-practice companies to identify attributes of successful planning processes. For example, we discovered that they generally provoke questions and facilitate conversations rather than creating documents, rely on facts to make key decisions, and involve those expected to implement the strategy in the planning process. We use these insights, captured in our Strategic Management Performance Index, to help clients reinvent their strategy processes.

Growth

Large-company growth has long been an area of focus for Arcus. A decade ago we introduced the four-horizon framework. Over the past four years, we have undertaken a new, extensive study of company growth to deepen our insight. In our approach that looks at the *Granularity of Growth*, we enhance the four-horizon model by integrating it with a more robust and granular understanding of the sources of revenue growth.

Innovation

Driving innovation is a significant challenge. Companies usually complain about lack of ideas and an anaemic innovation pipeline. We rarely, however, find companies lacking ideas. Instead we find that existing ideas are small, incremental, and capable of only modest value creation; or they are buried in complex organizations, in the hands of individuals with no capacity to drive them forward. While they do not need to be addressed simultaneously, excelling at innovation requires excelling at all its pieces: leadership, creativity, consumer focus, innovation and benchmarking.

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