

The Power of Executive Leadership

The path to high performance executive leadership

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Business executives are charged with the responsibility for building and maintaining the capabilities of their organizations to perform, grow and adapt to changes in the business environment. For the past thirty years, I have pursued a career that has alternated between a business executive and a consultant and coach to business executives. In that time, I have developed a keen interest in the factors that differentiate between executives who are able to build and sustain high performance and those who generate moderate or low levels of organizational performance.

Executive leadership is the key factor that drives an organization's effectiveness and performance. After all my years of experience with executive leadership, I am still amazed at the impact that one person in a key executive role can have on an organization.

I recently experienced the power of executive leadership in a publicly traded, technology company. The company was performing significantly below its financial plan, its stock price had fallen sharply, its management team was fragmented and ineffective, its products were experiencing quality problems in the field and its product development was significantly behind schedule.

Looking at this

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deteriorating situation, the Board of Directors made the decision to change the CEO. The new CEO, Allan Brown, began working with the existing management group. Within nine months, the management group was working as an effective team, the product quality problems were solved, product development was ahead of schedule, the company was performing on target with a revised financial plan, relationships with the financial community had been reestablished, and its stock price had increased substantially.

How does one person make such a difference?

Leading the Company

Allan believes that the single most important aspect of his role as CEO is to be an effective leader. He is aware that he is constantly "on stage," being observed by managers and employees. He understands that his daily behavior is the key to his effectiveness as a leader. His belief that his daily behavior has the strongest impact on what will happen in the company over time causes him to behave in a purposeful way. Allan strives to handle the many small situations that occur daily by acting rather than reacting. He is aware that his



handling of even small transactions with his direct reports and others has a significant impact on how people will do their jobs.

Allan endeavors to set a positive example in his actions. He does this by treating each person with whom he interacts with respect and dignity. As he says, "Every transaction is important. My goal is to have each person that I communicate with leave that interaction with a feeling that they are important to me and the success of the company." He takes time to get to know people. He asks them for input, listens to what they have to say and expresses his appreciation for their input and efforts.

Allan is careful to act with integrity in his dealings with others. He places a high value on his personal integrity. He strives to be honest in his interactions with others. He explains the reasons for decisions, invites questions about issues and gives direct answers. If he can't answer directly due to confidentiality, he states clearly that he is not able to discuss the issue at this time.

He is serious about commitments. He seeks to always keep commitments, even in small matters such as starting meetings on time and responding to telephone calls and e-mail. He also avoids making commitments he can't fulfill.

Allan has developed the capability to remain calm in times of stress. He understands that anxiety and fear are enemies of teamwork and effective decision-making. He is skillful in managing his own anxiety and reducing the anxiety of individuals and teams.

Allan is also decisive. He understands that decisions must be made and followed through. He is adept at using participation to involve others and build commitment to decisions. He doesn't need to make all the decisions himself. In fact, he is sensitive to according others the ownership for specific decisions. However, he is clear that decisions must be made in a timely manner and will not allow them to slide.

Working as a Team

When Allan stepped in, the first thing he did was to meet with his direct reports in a group setting. He began the meeting by explaining his expectations of the

management team. He expected that, from that moment on, he and his direct reports would work together to identify and solve the company's problems. He expected that it would take some time for them to learn to work together. He asked each member of the group to place working as an effective member of the team as their number one objective and stated that teamwork would be a key criterion in evaluating their performance. He emphasized that, in addition to teamwork at the executive level, he expected that each member of the executive team would actively foster teamwork in the company.

Allan scheduled a two-day offsite meeting to go over every aspect of the company's operations. Following the meeting, he established regular, weekly management meetings to follow-up on the list of action items

and to engage the team in problem solving as an ongoing activity.

Numerous times in the first months, individual direct reports would raise an issue with him. Whenever the issue involved other members of the management team or the effectiveness of the business, Allan would ask the person to raise the issue at the next team meeting. It took about three months before the team members began bringing issues directly to the team without first raising them with Allan.

Establishing and Communicating Direction

Allan interviewed his direct reports as a part of his leadership transition. He asked each of them to define the company's vision, mission and strategy. He also asked staff at all levels where they thought the company

was going and if there was anything they needed to do their jobs. From these conversations Allan learned that there was no sense of a sharply defined company direction, even among his direct reports.



At the initial offsite meeting, a facilitator took the management team through a process of developing a common vision; defining a mission statement; and creating an integrated strategic plan for the business. Key action items were developed to support the plan. Members of the management team took ownership of each action item.

Following the offsite meeting, Allan worked with the management team to develop a clear presentation describing the company's goals and strategies. Allan made the presentation to staff members at meetings and a video was sent to all remote locations. Allan asked his direct reports to make the presentation to the people in their areas of responsibility.

As Allan moved around the company, he would engage people in conversations about the company's direction and the key challenges it was facing. Whenever he discovered that people were not clear about where the company was going or what its priorities were, Allan would tirelessly explain these issues and ask people for their opinions and ideas. He asked his direct reports to follow the same practice when they were with their staff. It took about nine months for Allan to be able to go into any part of the company and find that people clearly understood the company's direction, challenges and priorities.

Identifying and Making Tough Decisions

As Allan settled into his leadership role, he was on the lookout for problems and issues that required decisions to move the company forward. He identified several key issues early on.



First, he identified a problem in the company's product development strategy. Prior to his arrival, members of the management team had invested considerable effort identifying products that

could be sold through the company's sales force. A promising line of products in an early stage of development had been acquired from another company. The product line was code-named "Endeavor."

After analyzing the company's market opportunities and product strategy, Allan determined that the company would be better served by concentrating its development

efforts on fewer products. In discussions with the management team Allan learned that the three team members who had brought the Endeavor products into the company were highly committed to them. After a thorough discussion with the management team, and

Whenever a significant action was implemented, the management team tied it to the company's direction and plan.

despite strong objections from the "Endeavor" team members, Allan killed the product line.

Second, Allan thoroughly assessed each of his direct reports. Starting with the strategy that he and the team had developed, he created a staffing and organization plan to implement that strategy. He defined his expectations of each of the positions reporting directly to him. He then took a hard look at each of the people reporting to him. As a result, it became apparent that one of his direct reports was under performing significantly.

Allan met with each of his direct reports individually to discuss his expectations and dialogue about performance. In the case of the under-performing person, he made it clear that the person's performance was unacceptable. He established a 90-day timeline for this person to improve and worked with him to establish 30, 60 and 90-day key objectives for him to improve his performance.

Third, Allan developed a thorough understanding of the

quality problems with the company's lead product. The problems were resulting in high failure rates in the field. Following several discussions with the management team, there was no agreement on an appropriate response to the problems. Allan decided that shipment of the product would cease until the problems had been solved. This posed a significant, potential loss of revenue for the current quarter. This decision put a lot of pressure on both the development and manufacturing teams to produce a solution.

Aligning People with The Direction

Once the company's direction had been established and Allan was sure that it was well understood throughout the company, he focused on getting people aligned with it.

Allan used several processes to accomplish this. He took the management team offsite again, this time to focus on ways to get people aligned and committed to the business direction.



As a result of this meeting, the management team implemented an organizational improvement process. Functional and cross-functional teams were established to identify ways of implementing the business plan, identifying obstacles and actions to overcome them, and improving work processes.

As Allan moved through the company he would engage people in conversations about their work and how it contributed

to the company's success. He influenced his direct reports to engage in the same conversations with their teams. Whenever a significant action was implemented, the management team tied it to the company's direction and plan.

Allan personally met with staff members in large meetings and in small groups to focus on the company's direction and progress. He involved members of the management team in the large group sessions by assigning responsibility for planning the

agenda and facilitating the meetings to each of them. One of his favorite formats was to pull together a small, cross-functional group for an informal conversation over lunch.

Empowering, Supporting and Motivating People

Each day, Allan invested a significant amount of his time and energy in people. Whenever a problem needed to be solved, he would ask the people closest to the problem to be involved. It was normal to see teams of executives, managers and staff members working together on issues and problems. Allan always asked for the recommendations of the team working an issue. In most cases, he would accept a team's recommendation and support its implementation.

In addition to creating an environment in which people were highly involved, Allan would frequently find ways to support people on an individual basis.

If a team's recommendation did not work, or fell short of its objectives, Allan would call for a meeting to critique the solution. He would frequently be heard probing the team members about what they had learned from their attempt to solve the problem and what they would do differently. He encouraged his direct reports to involve the appropriate people in decision-making and to accept their decisions whenever possible, and to facilitate learning from decisions that had not worked as planned.

When the management team was reviewing progress, Allan would ask that the people actually working on a project come in to give a briefing and answer questions. He would hold critique sessions after major events. For example, he added a day to the schedule of the European Distributors' meeting so that staff present at the event could meet to critique the meeting and identify ideas for the next distributor event.

In addition to creating an environment in which people were highly involved, Allan would frequently find ways to support people on an individual basis. One day he was talking to some engineers when he noticed a

draftsman at work in his cubicle. Allan stopped by to engage the draftsman in conversation and see what he was working on. During the conversation, Allan noticed that the draftsman was working with a small display screen and that he had to get very close to the screen to do his work. Allan also noticed that the machine was slow. He observed how long the draftsman had to wait for the screen to paint when he made changes to a drawing. Allan learned that the draftsman was quite frustrated with the time it took to get things done.

After this interaction, Allan stopped by the Vice President of Engineering. Allan asked about the draftsman's work. The VP expressed concern about the person's productivity and equipment. Allan asked him why he had not done anything to improve it. Allan asked the VP to think about it. The VP came back with a decision to upgrade the draftsman's workstation to which Allan readily agreed.

Allan searched continually for accomplishments that were worthy of recognition. He would frequently meet with an individual or a team to express his appreciation for how their personal efforts and accomplishments were leading to the company's success. He established a recognition system for key projects and activities. Recognition, small cash bonuses, time off and stock bonuses were tied to the accomplishment of key milestones. His direct reports were encouraged to stay alert for performance and efforts worthy of recognition and to provide appropriate recognition and rewards for individuals and teams.

Developing Managers and Leaders

Developing managers and leaders is an issue that Allan takes seriously. He sees leadership development as a key personal responsibility for himself and the members of the executive team.

Allan demonstrated his commitment by devoting an offsite meeting to management and leadership development. In preparation for the meeting,

Allan met with each of the managers and professionals who reported to the executive team. He asked each member of the executive team to come to the offsite prepared to discuss the management and leadership capabilities of each of their direct reports and of the people at the next level who reported to their direct reports. Allan expressly requested that each executive meet one-on-one with those people who reported to their direct reports.

At the meeting, the executive team reviewed the management and leadership capabilities of all the managers and professionals in the company. The process was thorough and resulted in development plans for each of them. Allan took personal responsibility for following the development plans of those

people reporting to his direct reports. He asked the members of the executive team to take the same responsibility with respect to the development of the

people reporting to their direct reports.

Following the offsite, Allan made management and leadership development a standing issue on the executive team's weekly agenda. He used this portion of the meetings to identify opportunities for giving managers and professionals challenging assignments. When an issue needed to be resolved, Allan would solicit the names of those who would gain the most developmental benefit from working on the issue. The issues were then assigned to task teams and a team leader was selected. Each time an issue was assigned in this way, one of the members of the executive team became an "issue owner" and took on the responsibility of supporting the task team and its leader.

Allan demonstrated his commitment to leadership development by expanding the responsibility of one of his key executives. Shortly before Allan joined the company, the executive responsible for quality had left. This open position was critical to the success of the company. As Allan got to know the executives on his team, he discovered that one of the executives running a highly technical area was interested in becoming a general manager. After careful

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consideration, Allan gave this executive the responsibility for quality, even though the person had had no previous experience in the area. Allan and the executive worked out an action plan to bring the executive up to speed. He provided a consultant to support the executive as he came up the learning curve.

Another example of Allan's focus on leadership development involved a young engineer identified as having management potential. A decision was made to evaluate outsourcing some key product components. The young engineer was selected to lead a cross-functional team to determine the feasibility of the outsourcing. The experienced manager who would normally have handled this issue was asked to serve as a mentor to the young engineer.

Keeping Fit To Lead

It takes energy to be an effective leader. An executive needs to be physically and mentally available to lead. Leaders who allow themselves to become tired or



overly stressed have difficulty staying focused, acting rather than reacting, and setting the positive example required to maintain the performance of an organization.

Throughout the turnaround, Allan visibly maintained himself in a high state of physical and mental fitness. He paid attention to his nutrition, eating a well balanced diet and avoiding over consumption of alcohol and coffee. He built a daily

program of aerobic exercise into his schedule. He paced himself by actively balancing the demands of leadership with rest, recreation and family.

Allan also maintained his ability to lead by seeking support from others. He used his network of colleagues for advice and counsel. He was adept at asking for help when faced with a difficult problem.

Summary

The daily behavior of key executives is the primary factor that drives organizational effectiveness and performance. Allan brought with him a change in daily leadership behavior. He focused on leading the company. He expected and required the management group to work as a team to solve the company's problems. He established a clear direction and plan and communicated it personally to all employees. He identified and made tough decisions about projects and people. He

The change in the behavior of the key leader led to a change in the daily behavior of the executives on the management team.

worked through the management team to align people with the direction of the company. He devoted a significant portion of his time to empowering, supporting and motivating people at all levels. He initiated processes to identify and develop managers and leaders. He visibly maintained his fitness to lead.

This case demonstrates the power of executive leadership. The change in the behavior of the key leader led to a change in the daily behavior of the executives on the management team. These changes brought about changes in the focus, motivation and performance of the company's employees, resulting in a significant improvement in organizational performance.

Notes

1. The names have been changed to protect the identities of the people described herein.

Leaders who allow themselves to become tired or overly stressed have difficulty staying focused, acting rather than reacting, and setting the positive example required to maintain the performance of an organization.

About the Author

Lad Burgin is the President and CEO of HRMG, Inc. HRMG is a management consulting firm that helps its clients achieve and sustain competitive advantage by improving organizational performance through individuals, units, teams and customers. HRMG provides organizational and customer assessments, organizational consulting, executive coaching and leadership development services.

For more than 25 years, Lad has worked as a business executive and as a consultant to other business executives and their teams. He is the former President and CEO of Gynecare, Inc. He has also held executive positions with Transamerica Corporation and its subsidiaries including Corporate Vice President, and Division President and CEO.

Lad is recognized internationally for his work with executives and their teams. He has consulted with 1000s of executives in more than a 100 companies in 17 different industries around the world.

Lad is dedicated to working with executives to build and sustain high-performance organizations. His expertise is in large-scale organizational change; organizational assessment and design; merger integration; business process improvement; and executive leadership and management development.

Lad currently serves as an executive consultant and confidential advisor to top executives. He does extensive work with management teams and boards of directors to improve their effectiveness. Most of his current work is with executives in Silicon Valley.

Lad is the coauthor of "Transformation To High Performance," published by *SRI International* (Summer 1993); and "Orchestrating The Renewal: Creating and Maintaining a High Performance Board," published in *Directors and Boards* (Spring 1994). Lad is a graduate of Ohio State University, from which he holds B.S., MBA and Ph.D. degrees.

Additional Information

The daily executive leadership behaviors presented in this report can be measured using HRMG's 360 degree proprietary instrumentation tool: Executive Leadership. This tool measures the nine sets of daily leadership behaviors that influence an organization's culture. They include measures on how well the executive:

- Enacts the Leadership Role
- Establishes Direction
- Makes Difficult Decisions
- Aligns People with Direction
- Empowers and Supports Others
- Motivates and Inspires Others
- Builds Teams
- Develops Managers and Leaders
- Keeps Mentally and Physically Fit

HRMG's instrumentation design is based on extensive research performed at Harvard, Stanford, University of Michigan, Columbia, University of Southern California and the Gallup Organization. In addition, HRMG has used its instrumentation with thousands of organizations and their executives.

The Executive Leadership questionnaire is routinely used as part of HRMG's comprehensive Leading for High PerformanceSM executive leadership development program. The program is conducted over a 6 month period that includes a 3-day initial workshop session, coaching, follow-up sessions and a resurvey at the end of 6 months. This program guides you through the process of becoming a high performance executive leader.

In addition, HRMG customizes their proprietary processes to help organizations solve a variety of business problems: merger integration, strategic focus, process improvement, culture change and more. For additional information, contact:

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Copies of the following articles are also available upon request:

- Transformation to High Performance*, SRI (reprint)
- Orchestrating the Renewal*, Directors & Boards (reprint)
- Making Mergers Work*, HRMG, Inc.
- Leading Units and Teams for High Performance*, HRMG, Inc.