



BECHTEL-CONSULTING

EXECUTIVE SEARCH
CORPORATE GOVERNANCE
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EXECUTIVE PLACEMENT

CEOs: BREAKING EVEN
& CREATING VALUE

CEOs: Breaking Even and Creating Value (Part two)



Experience shows us that a new job really begins during the initial interviews for the position. Candidates who succeed in assuming the duties of the CEO have prepared themselves by getting to know about the company ahead of time. They have not hesitated to go in-depth, asking friends, relations, and the firm's competitors questions such as: How does the general public view the company? What are the company's culture and values, and how is it run? Is the company open to change? How does it innovate? Does its culture allow it to evolve?

Although candidates may not get all the answers they are looking for — which means that they also have to rely on their own instincts — this step remains essential if they are to prevent misunderstandings and avoid failure.

In our previous newsletter, we explored what changes for recently appointed CEOs who have reached the top. We focused especially on the invaluable contributions of both mentoring and the company's president and board of directors. Here, in part two, we will take a look at how CEOs get various stakeholders involved, adapt to the company culture, and set up a management team.

The attached video highlights some relevant issues you have to take care of..



The priority for newly named CEOs is to break even as soon as possible. In other words, they must reach the moment when they bring as much value to their new company as they have received from it. When CEOs are asked to estimate how much time it takes for a recently promoted or hired executive to attain his or her break-even point, the average answer is **6.2 months.*** This number depends, of course, on the situation that a CEO inherits. If there is a need to turn around a company in crisis, new CEOs create value as soon as they begin the position. However, when an external candidate is recruited by a very successful company, it takes longer for a CEO to break even. No matter what the situation may be, the objective remains the same: waste no time on getting settled in and start creating value.

Getting Stakeholders Involved

The range of stakeholders and concerned parties surrounding the CEO — investors, the board of directors, associates, suppliers, clients, public opinion, to name a few — is wide and their interests can be conflicting. Clients have needs and preferences that can change very quickly; stockholders look for strong long-term growth that will not compromise short-term profits and dividends; the media are always on the lookout for a scoop: the list goes on and on. A CEO's day may begin at 6:00 AM with a conference call with investors in Asia and may not end until a client visits at 8:00 PM. There is very little room for error, for today's CEO is just one tweet away from public disgrace! One needs the energy of a marathon runner and the smile of a campaigning politician in order to deal with this never-ending parade of people with irreconcilable agendas.

Conciliatory vs. Results-Oriented

Stamina is seen as an asset in the career path of CEOs. On the other hand, history shows that feeling nothing but sympathy for others tends to produce suboptimal results. Studies indicate that CEOs marshal their forces more successfully when they focus on outcomes than when they are accommodating and congenial. These CEOs bring together a deep understanding of their stakeholders' priorities and a constant concern for producing operational results. They have a profound grasp of the needs of others but they do not fall into the trap of trying to satisfy them. They are aware of the discomfort and even pain that a difficult decision can inflict on others, but are ultimately willing to put the needs of the company first, before both their own needs and those of others.



Being too obliging to others can be a crippling problem for CEOs. It can interfere with each of the three main factors that affect performance: managing priorities, choosing the right talent, and creating good relationships.

Breaking Down Barriers

Most of the CEOs with whom we have worked have drastically underestimated the barrier constituted by their position. They still tend to view themselves as members of a team. However, as soon as they take the job, everyone else thinks of them as the “big boss.” Extra effort is needed to maintain good communication. CEOs have to take proactive steps to make people feel comfortable enough to be willing to open up and share essential information about early indicators, areas for improvement, and even significant gains.



Effective CEOs do not stay holed up in their offices. They go out onto their teams' own ground, meeting them in the comfort zone of the places where they actually work. Some of the best CEOs have told us that they spend up to half of their time outside the office. This is a far cry from the stereotype of the business tycoon with a jet-set lifestyle. These CEOs have learned early that a real leader's place is in the field, and they are always seeking to get a better understanding of their clients and employees.

When describing their role, some CEOs say, "It's not sexy. It isn't some kind of designer suit. You have to roll up your sleeves, put on a company shirt, and get your hands dirty."**

Acting in this way will allow the CEO to develop something like a "natural instinct" for motivating people on all levels of the company, from a marketing intern to a senior engineering manager, without the need for specialized expertise.

Shaping the Culture by Adapting to It

One of the major challenges for CEOs who are just joining a company is to become comfortable with a new and unknown company culture. Successful adaptation requires a general understanding of business culture and a sense of how it works in the organization or the unit the CEO will be leading.

The culture of all organizations usually has multiple layers. Although its superficial elements (logos, uniform and dress code, office layout, shared vocabulary) are easy to identify, it takes more time to analyze its deeper layers.

Identifying the Influencers

It is worth taking time to get a picture, for example, of how decisions are made, who has a decisive say in key decisions, and where the sources of power are located. This means going beyond the structure of the organization chart. Analyzing the network provides solid information on how the members of a company really work together when they are sharing information, making decisions, and solving problems. Recently appointed CEOs can make use of interviews and diagnostics for this analysis, in order to find the right balance between adapting to the culture and working to improve it.

Sharing Your Vision

Getting to know the main stakeholders will help newly named CEOs to set out an effective strategy, one that enables them to establish effective relationships with important internal influencers. These people can then quickly become advocates and spokespersons for this new vision for the company.

Building a Winning Team

Recently appointed CEOs have often already gained a reputation for building world-class teams. In fact, they are frequently very proud of the leaders whom they have engaged and supervised. They work with devoted and talented people who follow them as they move from one position to the next. They are also acutely aware of how painful it can be to have to let someone go or even to wait before parting ways with an underperforming associate.



Many of the CEOs we have met are quite confident about how they go about building their team. However, the facts paint a different picture. Studies show that 75% of surveyed CEOs acknowledge having made some serious and painful mistakes when setting up their team, even though they had already acquired significant managerial experience. *** Further, when it comes to developing top talent, nearly half of senior executives say that their biggest regret is having taken too much time to move the poorest performers out of important positions or even to let them go.

There can be different kinds of reasons for this, but the result is always the same: “I know it’s the right thing to do, but I just don’t think I can afford to do it right now.” Not only is there a real, tangible risk in taking the difficult step of making changes in personnel, but the benefits of getting the right person for the job can also seem fleeting and uncertain.

The best CEOs take a methodical approach to matching talent with high-value positions. A first, crucial step is to identify which positions have the most value. Looking closely at this can reveal aspects that will surprise even the savviest CEOs. Of the 50 positions that create the most value for a given company, only 10% report directly to the CEO. 60 % of these positions are two levels below in the organization and 20% are even lower in the hierarchy. Most surprisingly, the remaining 10% of these positions do not even exist. **** Once these positions have been identified, CEOs can work with other executives to ensure that they are managed more rigorously and filled by the right person.

These changes need to happen quickly. The CEOs we have interviewed were very proactive in setting up their teams. Within the first 18 to 24 months, they replaced from 40% to 60% of the personnel whom they had inherited.

Setting Up an In-Depth HR Plan

If you anticipate investing in new technology, opening a new site, or undertaking any other significant commercial initiative, you will no doubt have a stack of documents that demonstrate the cost effectiveness of your plan. The same kind of rigorous approach is required when it comes to your short-, medium-, and long-term human resources strategy.

Reaffirming Vision and Values

When putting together a robust management team, a new CEO should take three factors into account.

Vision:

Do these individuals have the specific skills needed to promote your (his or her vision) vision and strategy, and can they prove that they have the right background experience?

Consistency:

Do they consistently hold the CEO's values and embrace the orientation that he or she has chosen for the company? Strong voices and diverse points of view are essential for all teams, but associates who do not share these values or accept his or her leadership will not be able to help the company move forward.

Portfolio:

To what extent will each individual round out and complement the abilities and personal styles of the rest of the team?

Successful CEOs do not get things done all by themselves. They know when to bring in an outside perspective that can help push their thinking forward. Finding someone to challenge their preconceptions and hypotheses can help them a great deal. In the end, they can benefit from the advice of someone who has been able to overcome similar managerial challenges.

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* The first 90 days de Michael D. Watkins. Proven Strategies for Getting Up to Speed Faster and Smarter

** The CEO Next Door d'Elena Botelho et Kim Powell

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****ThemindsetsandpracticesofexcellentCEOs,McKinseyandCompany



HERBERT BECHTEL, 30 YEARS OF EXPERIENCE AS HEADHUNTER
FORMER MANAGING PARTNER AT HEIDRICKS & STRUGGLES
AND WHITEHEAD MANN (KORN FERRY)



GENEVIÈVE JOASSARD
8 YEARS OF EXPERIENCE AS HEADHUNTER
15 YEARS AS CEO
IN THE TOURISM INDUSTRY

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Our partner are engaged in all the aspects of the search, from defining the candidate profile up to his integration in the new company.

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