

NO SENSE OF OUR GEN CY

BY DAN CIAMPA

HOW CAN A NEW
LEADER **GET**
THINGS STARTED?



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I often advise people who take over organizations new to them as they become CEOs for the first time in their careers. Usually, they are talented motivators with formidable strategic and operational abilities. They are hired for their can-do attitude and a style that is attractively aggressive; many believe there isn't a challenge they cannot overcome.

Often, they land exactly where they should: in organizations that have lost much of their drive for success. Boards of directors judge that these leaders will manage to instill among employees the winning attitude necessary to restore innovation and competitiveness.

After starting in their new jobs and getting to know their organizations, these new leaders begin to identify the core problems that must be solved. Often they tell me, "Dan, there's no sense of urgency in this place."

What is it they see that comes across as *lack of urgency*? And what can they as new leaders do about it?

COMFORTABLE VS. CHALLENGING

Urgency fades away when people lose confidence about having any impact on the problems they face regardless of how hard they try. As their attempts founder, loss of confidence turns to discouragement and then to a feeling of powerlessness as they believe that conditions at work will not improve anytime soon. They begin to feel like pawns rather than origins of action and achievement. What was urgent behavior aimed at improvements diminishes, and loss of hope is only a short distance ahead.

If this negative spiral continues, the chance of a permanent solution is low without significant intervention, and even then, sustained improvement is not easy. And when the spiral is deeply ingrained in the culture, it may be too late to change for even the most determined new leader and patient board. The CEO sees her new company become a takeover candidate, and she ends up managing an integration rather than a growth strategy. As she considers the role of division president under a new owner rather than CEO of a stand-alone company, she thinks back on her due diligence and wonder what signs she missed.

Sometimes talented new leaders find themselves facing this first source of lack of urgency. But more often, they take over organizations with a different problem that can be solved more easily: the complacency of success.

Financial success can easily lead to an inward focus that works against urgency. This comes about over time, as the people who push for improvements give up, leave, or find a small area in the company protected from the general culture—an area where they can act in a more self-starting and urgent way. Sometimes the value of such areas is recognized, and they become institutionalized in separate units; the famous Skunk Works at Lockheed is one example.

Pfizer took a different approach in the late 1980s. Despite Pfizer's evident success, vice chairman Ed Bessey became convinced that an entitlement mentality had set in, leading to satisfaction

with the status quo and keeping innovation stagnant. He called attention to looming trends—managed care, the biotechnology boom, personalized medicine—but other senior managers were unconvinced that the company needed to change to be ready to take advantage of them. Frustrated, he tried a new path.

Bessey commissioned a small group to carefully examine emerging healthcare trends, study how other industries had dealt with similar threats, and recommend new courses of action; he encouraged his team to think as radically as possible. The group was made up of a dozen people, most young and new to the company. They were told to keep their mission a secret; their bosses only knew that they were assigned to a strategy project. Office space was rented several blocks away from headquarters with no identification and a security system that allowed access to only the group members and the vice chairman. They nicknamed it the Batcave, and it quickly took on the feel of an election-campaign war room.

After several months, the group presented a report to Bessey, and then to the senior management group and, eventually, the board. It helped create a new strategic path—one that over the next five years led to a reorganization and a series of acquisitions that fundamentally changed the company's direction. By the late 1990s, Pfizer had gone from fourteenth in the worldwide market to first. Those who were in charge at the time point to this under-the-radar group as an important catalyst that brought the company fresh energy and a sense of urgency.

What's the point? Success, if left unanalyzed, can breed a we-know-what's-best attitude and a belief that "our business is different," both of which keep people from having an outward focus. That myopia blocks them from recognizing improvement opportunities and learning better ways to operate. Usually what follows are expanding organizational structures with more systems for coordination and control and, eventually, bureaucracy. The results over time: Most people settle into a habit of not

questioning in an environment more comfortable than challenging. Gradually, innovation slows down and urgency dissipates.

Instituting a new sense of urgency is not easy, particularly for someone new to the top job and still learning his company's culture. Most new CEOs begin by using their bully pulpits to exhort employees to change as they stress the importance of acting with more urgency. When they look for help, consultants respond with surveys that hold up a mirror reflecting complacent behavior and with education programs that emphasize the costs of not changing. But too often, the most that such programs bring is a burst of self-reflection that stops well short of any new behavior. Many consultants rush to offer what they can do well rather than helping the leader understand what he is facing and forge a plan for his situation; to compound the problem, impatient CEOs look for easy answers. Because it takes more to alter habits that become embedded in the culture, many leaders give up when progress takes longer than expected. But those eager to make their marks and tackle tough problems will not accept that what they inherited cannot change. What to do?

AT ITS CORE, A NEW SENSE OF URGENCY REQUIRES A CRITICAL MASS OF THE RIGHT PEOPLE WILLING TO CHANGE COMFORTABLE HABITS.

While specific steps that are right for each organization must be tailored to its culture and to the leader's particular style, there are a handful of fundamental principles that should guide the formulation of any successful plan.

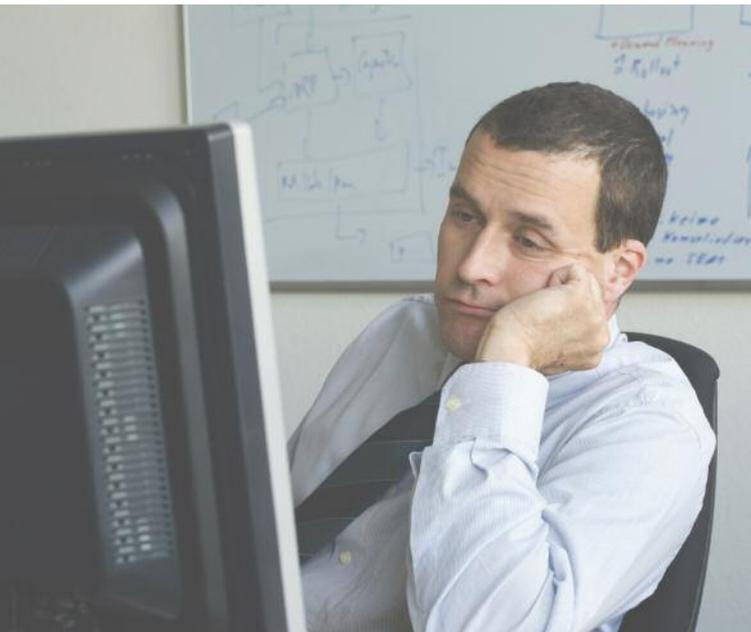
PRINCIPLES OF URGENCY

Become a student of behavior change. At its core, a new sense of urgency requires a critical mass of the right people willing to change comfortable habits. For that to happen, the leader must understand how people change their behavior,

particularly in groups—that is, when carrots and sticks work and in what combination, the dangers and potential of peer pressure, what bosses should do and not do, whether attitudes change before behavior changes, and, in general, what it takes for people to change their minds. If core assumptions are flawed about what it takes for people to decide to operate in new ways, whatever is attempted is unlikely to instill a new sense of urgency.

The top group must be of one mind on the diagnosis and the cure. While the leader must set the tone, the managers on her senior team must see things the same way so that they convey to their people messages that are consistent. The person at the top must define the opportunities and blocks to reaching them in a way that attracts everyone's attention, and then make sure that the people who report to her share the same ideas about what is necessary to succeed. Think of a couple of top leaders who successfully shook up complacent cultures: Lou Gerstner, who took over a bloated, satisfied IBM, and Jack Welch, who took over a bureaucratic GE. Carefully articulating new standards and a fresh image of how things should operate, surgically changing the makeup of senior management, and communicating directly to the next layer enabled each to forge a new attitude that led to unprecedented success. Along the way, effective leaders make sure they keep people around them with divergent views who can also work well together as a team.

Don't avoid making changes at the top. Some senior-level people may have to be replaced in order for things to improve. This does not mean a wholesale makeover of the top team—often one powerful executive is enough. But most new leaders hesitate to take such actions. Sometimes it is because of hubris (I can motivate these people to change) or naïveté (They just need to be inspired to work as a team) or political caution (I haven't been here long enough to get board support) or unfamiliarity (People who have knowledge I don't will leave). Letting people go is not—and should not be—an easy decision. But once the new leader is convinced that someone, however powerful, is blocking the direction in which he wants the company to move, it is a big mistake to leave that person in place. The leader who has been successful over long periods has recognized that the chances are slim that things will change for the better on their own and that, without pressure, people at the top who created or sustained a lack of urgency will do what is necessary to change it. Making tough, sometimes unpopular people decisions eliminates a roadblock while sending a powerful message to those who remain that is essential to get behavior to change. Few guides to being a new leader point out the benefits of forcing out inherited, powerful senior managers, but it is sometimes necessary.



BECAUSE REASONS FOR INSUFFICIENT URGENCY ARE COMPLEX, THE RIGHT PLAN WILL NOT BE SIMPLE AND MAY REQUIRE SKILLS NEW TO MANAGERS.

Find examples from which to learn. There are always pockets inside the organization where the right kind of urgency lives in spite of the general culture. Finding them will offer homegrown examples to hold up as models as well as people who might be able to export what they have done locally to other areas of the organization. Equally important: visiting other companies where behavior is more urgent, and with cultures as well as financial results that are better because of it. In both cases, the most benefit comes when people learn the art of “best-practices benchmarking,” in which they look under the surface and find the subtle key success factors that make the most difference to behavior change (as opposed to “competitive benchmarking” that provides only a report card of financial metrics versus competitors). The best-practices variety requires visits, careful observation, and cultural analysis of what makes those organizations in which urgency prevails different from one’s own.

Learning to learn. Behavior change is easier after people have figured out how to extract the right lessons from the examples they find. That starts when leaders understand the learning needs and learning styles (or that which should be learned and how it is best to do so) they face. Sometimes employees must see what they do day-to-day from a different perspective before understanding the limitations of what they have gotten used to; other times, the learning need is exposure to new skills. Also, some things can be best learned by active experimentation and feedback, others by grasping underlying concepts.

Early in her tenure, the new leader must be sure of just what she is dealing with through an honest diagnosis of the culture

that identifies the most important learning needs and barriers to learning. Then based on that, her upper- and mid-level managers should be trained to analyze successes and mistakes and held accountable for ensuring that that which is promising is repeated and that which is not is avoided. To get the most from such steps, there must be complete and open analysis of how decisions are made and carried out. To ensure that happens, the company must change cultural norms that limit frank discussion and feedback when something has not gone well. In the short term, the most impactful step the new leader can take is making it acceptable to analyze mistakes by modeling it herself. Creating a learning environment will go a long way toward the kind of urgent behavior upon which the organization’s as well as the leader’s success depends.

Eliminate fear. Especially in the early days of a new emphasis on urgency, there may be hesitancy to experiment or to take up the leader’s challenge to try new behavior. Perhaps it is because of suspicion that the emphasis on urgency (or the new leader) won’t last. Often it is also because of one of two kinds of fear: fear of failure and fear of success. The first thrives in an environment where people have been punished for mistakes and discouraged from experimenting. In the second kind, people worry that if they succeed at what is being asked of them, changes that result will be uncomfortable or distasteful. Before formulating the best approach, the leader who wants to increase a sense of urgency must find out how much fear exists and, importantly, what type. Once identified, the entire senior management group must take on two challenges related to the type of fear at hand: eliminating from the organization what-

ever is contributing to people being afraid to experiment, question, or stretch their horizons—and helping them understand that overcoming their own fears and helping peers do so as well will result in a better, more satisfying work life.

Get the right help, and use it wisely. Every leader faced with the task discussed here needs help. The challenges are too complex and the problems too tough to overcome alone, especially for a leader in a new situation. The good news is that there are many sources of advice available. Consultants and management educators have rushed to retool what they offer as it has become widely accepted that changed attitudes and new behavior are necessary to realize new strategies. It is discouraging that in too many cases their efforts are less than helpful. More exuberant than well-grounded, most have not thought deeply enough about the complexities of what it takes to change habits long-practiced or understand how the techniques they advocate came to be; and, as a result, they miss the subtleties required to tailor them to the needs of a particular situation.

While the supply side of the help equation can improve, the bigger problem is that most new leaders are not discriminating enough as they seek help and fail to define precisely enough the types of advice needed and the kinds of advisers best suited to their particular needs. Urgent behavior is common in organizations with the best leaders, and it is not accidental that those accomplished leaders are also skilled advice-takers.

BECOMING “THAT KIND OF PLACE”

Here, some final thoughts on the vital few factors most important for success—those that only the leader can make actionable.

First, members of the executive team must believe that improving urgency is a mission to which the leader is dedicated. They should see its importance reflected in her daily schedule and as a topic on executive-committee agendas. Also, particular attention should be devoted to upper- and mid-level managers, those just below the senior team. The leader should bring up this topic with them whenever she has the opportunity and also encourage them to point out to their bosses (her direct reports) the barriers to urgency they see and ways to overcome them.

In addition to getting the second and third levels of managers engaged, this will help to put positive upward pressure on her direct reports. Because these senior executives must change old habits and learn new behavior (perhaps more so than their people) and also be the implementers of any plan to improve urgency, they must have intensity to make it happen. Knowing that the CEO's commitment is high and that their direct reports are paying attention, it is more likely they will do what is required.

The second key success factor is for the leader to have in mind a clear image of what the organization will be like when urgency replaces complacency. This should be a cultural image

that depicts behavior and reflects attitudes. He must not be satisfied with a mission statement or aspiration but, rather, push his thinking to the point of a picture that describes as vividly as possible how the organization will look and feel when it is operating with urgency.

Why is a mission statement inadequate? Because the leader must be clear about what his organization should be like when people are acting with urgency. How people will behave, what specifically will be observed, and how the place will feel are much more helpful than merely stating, “We will be an urgent organization.” The more clearly he describes it, the easier it will be to measure progress. Then, the leader must take advantage of every existing forum—and create new ones—to convey his image to upper-level managers so that they are able to form their own consistent visions and communicate them to their people.

The third factor is that the right kind of plan be devised to make progress on increasing urgent behavior. It must be tailored to the organization's culture and learning needs—generic plans won't help. It must be tied to the leader's vision of what she wants the organization to look and feel like—the test it must pass is an affirmative answer to the question: “How specifically will this help us become that kind of place?”

Then there is the issue of capacity to implement it. Because reasons for insufficient urgency are complex, the right plan will not be simple and may require skills new to managers. Most respond by looking to outside experts, but the wise leader will avoid too much involvement from outside advisers. The best plan will fail and in the process lessen any chance of new behavior if the managers who will live with the consequences of change fail to take responsibility for it. This doesn't mean outside expertise should be turned away when needed. Help should come in formulating the plan and getting managers ready to make it work; if more is called for once the plan is under way, it should be in the background supporting line managers as they implement. Depending on outsiders to do what the company's managers should do is convenient and easy, but it inevitably leads to temporary improvement at best.

Most important to overcome barriers to urgency is, of course, the way the CEO approaches the task. That is where the principles outlined earlier come in. Experience in hundreds of such efforts over the last several decades has shown that the best and quickest results happen when the new CEO puts in the effort to become a student of behavior change, ensures his senior managers are as committed as he is and have developed the right abilities, does not hesitate to replace people who can't or won't change, ensures the organization honestly looks at itself and to the outside for ideas, devises ways to capture and enhance learning, drives fear from the organization—and strives to be a skilled and wise advice-taker. ■