How to Double the Impact —And Output— of Your Management Team

By John W. Myrna

Early in my career, when I was offered and accepted my first assignment as a CEO, I learned a very important lesson that all aspiring organizational leaders need to know: the success of any enterprise is dependent on the synergy of its management team as much as on the brilliance of the person at the top.

How to create the highest possible positive synergy out of a company's management team is a task that often keeps many CEOs and HR executives awake at night. The head of HR, for example, is responsible for assuring that the right people are in the right jobs at the right time. He or she also plays an important role in advising the CEO on how to lead the team in such a way that these players operate on behalf of the company — not just their individual divisions and functions. This is the lesson that I learned the hard way, and I never forgot it. (In fact, I eventually formed a consulting practice to teach others how to maximize their management talent.)

I still recall vividly my first day as CEO when I encountered the complaints of several significant customers about our latest product and realized that the company was losing over $50,000 a month. It was not a pretty picture.

For the opportunity to turn this company around, I had left a perfectly good job of 15 years, mystified my family and colleagues, added an hour to my commute, took a major pay cut, and contributed my family's life savings to buy equity in the company. But I knew one thing that trumped these personal sacrifices: I knew that the company had one asset that was in full working order and grossly under-utilized by the previous management. That asset was a great management team.

The first thing I did was get the management team together–for two days–in an empty floor of the office building and away from their offices. Together we worked on the product deficiency, specifically, and revisited our strategic direction in general. We answered the basic questions about where we were, where we wanted to be, and what we needed to do to get there.It may seem odd that I insisted the team do strategic planning when the company was about to go under, but the process pointed us in the right direction and enabled us to climb out of our hole.

During our two-day "off-site" planning process, we discovered the value of tapping into the knowledge and insights of all members of senior management—not just some, but all senior management. We later learned that execution could be dramatically enhanced when the entire senior

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management identifies, prioritizes, and then commits to strategic goals and their supporting action plans.

Not only did we quickly fix the "broken product" and regain profitability, but also, within two years, we had created critical mass by raising venture capital, expanding the management team, and securing bank financing to acquire our next largest competitor.Since then I have worked with hundreds of companies helping them maximize their management teams to achieve the same success. Here are some of the practices that HR executives can promote in their companies to create a positive and productive atmosphere for senior-management team building, planning, and accountability. These techniques work during times of turbulence as well as expansion and growth.

THE EXECUTIVE TEAM REPRESENTS A LARGE INVESTMENT

For many companies, the executive team is typically a million-dollar-a-year, or more, asset(assuming there are at least ten executives averaging about $100,000 a year in salary). These executives have their fingers on every aspect of the business and therefore are in the best position to know what's possible if they are given an opportunity to participate in creating the new game plan.

There are three basic obstacles that keep companies from fully utilizing their executive team and finding a winning course:

1. Lack of a forum that forces members to truly listen to each other, to contribute, and to create action plans with deadlines and personal accountability.
2. No written, understood, reviewed, and approved strategy enabling the team to make decisions that optimize the entire organization —not just their own areas.
3. No formal follow-up process to maintain accountability and execution in the midst of day-to-day operational challenges.

CREATING A FORUM

Successful companies have found different ways to overcome this obstacle, but we at Myrna Associates are particularly dedicated to a process that hundreds of companies have followed. It starts with a two-day, disciplined working session held off-site. Meeting off-site removes the senior-management members from their day-to-day crises and provides them a forum for creating a consensus-built strategic game plan for the short and long terms.

Below are several important steps to follow to ensure an off-site senior-management meeting will increase the input—and eventual output—of the management team and generate action-oriented strategic plans, buy-in from all players, and successful implementation.

1. For Team Members—View the Organization from the CEO's Perspective

All executive team members must be challenged to look at the organization through the eyes of the CEO and to represent the organization as a whole, not themselves, or their people, department, or function during the planning session. For many managers this is the first time they have been asked to assume this role even though an executive cannot truly be considered a senior executive without this enterprisewide perspective.

When filling senior positions, many HR managers encounter highly qualified candidates who cannot (or refuse to) view issues on a corporate basis. Instead, they spend their energy protecting their department's budget, staffing, and status at the expense of the enterprise. When recruiting for the management team, be sure to ask candidates to share specific stories from their past that will help illustrate and validate their commitment to this perspective.

2. For the CEO—Step Back and Listen

During the off-site meeting, the CEO needs to listen and speak last in each discussion. CEOs who do most of the talking never know whether their teams truly understand them or have achieved buy-in. This is tough for most CEOs and usually takes strong guidance from the HR executive or meeting facilitator to maintain this discipline. (Our facilitators often get feedback after our meetings that, for some senior managers, this was the first time they had been able to speak up and be heard by the CEO and other team players.)

Many CEOs, like other managers, have a hard time accepting this seemingly passive role. Primarily, they are concerned they will be obligated to accept any and all ideas that are presented. Or they may feel that they will no longer have control. Neither is the case. The reality is that people expect two things when their opinions are solicited. First, they expect people to listen and understand their points. (One way to confirm that all ideas are understood is to have a team member paraphrase what others say.) Second, they expect their input to be considered fairly when decisions are made. This can occur only when you ask for input before a decision is made.If, on the other hand, a strategic decision has already been made, it's important to tell team players that their input will be used the next time a similar decision is made. Otherwise they will feel manipulated and rightfully so.

Luckily, this is a coachable skill. The key is to help the managers understand how this approach will enhance their success. For example, a computer services company stopped losing money when, in the company's annual planning meeting, the normally silent accounting manager asked why the company was paying a premium for the newest systems. The technology manager tried to explain to him that customers expected the company to have the latest systems. As he talked, there was a sudden realization that the company had been paying a premium for system features that went unused for two to three years. As a result, the team decided to invest in new systems two years after their launch for a substantial discount. This decision alone made the company profitable.

3. Set the Ground Rules

Rules for the off-site meeting should include the following points:

- Listen.
- Stay focused.
- Speak up, say what needs to be said, and don't worry about sacred cows.
- Avoid cheap shots.
- Respect differences of opinion.
- Focus on solving problems.
- Disallow defensive stances or placing blame.
- Add only new information.
- Permit only one discussion at a time.
- Create consensus that silence implies understanding and agreement.

The CEO of an automotive parts manufacturer had a tradition of ignoring input from the sales team, calling their comments excuse-making and whining. Whenever the head of sales complained about the time his team spent on paperwork or project management, the heads of accounting and operations became defensive, and the CEO took their side.

Finally, the management team as a whole recognized they needed to do something to increase sales without hiring more sales representatives. The team worked on solving the problem by shifting responsibility for non-sales activities to other departments, effectively doubling the impact of their sales force. As a result, their sales team had time to focus on winning contracts from their competitors who were being pushed out of business by the economic downturn.

4. Communicate Rules and Roles

Create two posters–one for the rules and one for the roles of the participants and CEO. Format them on legal size paper, have them enlarged at a print shop and post them in the room. To make sure the team actually understands the rules, ask each member to elaborate on a specific rule. Once all the rules have been discussed, ask each member to verbally agree to the rules and roles. (Teams are sometimes reluctant to "waste time" talking about rules and roles, wanting to jump immediately into solving the organization's problems. We have found that the time invested at the beginning of the planning session to establish a productive environment is an essential component of a successful meeting.)

5. Select Skilled Facilitators

HR managers should select the proper facilitators from inside their organizations or among consultants with specialized skills for senior-management meetings. We have found that if you assign the strategic meeting facilitation to a member of the management team you will negatively affect the ability of all members to contribute. You lose even more if the CEO facilitates.

Skilled facilitators have a rich set of tools to make meetings effective. They know how to pull knowledge out of the heads of team members and lead groups to make decisions and identify action. When choosing a facilitator, HR managers must also consider that decisions reached with the help of an outside facilitator are perceived as more objective and authentic.

Conducting staff-development sessions using skilled facilitators or the benefit of facilitation strategies is a valuable activity. Several books are available to help the HR manager optimize management-development sessions.

6. Solicit Individual Input Before the Meeting

Solicit independent input before "group think" sets in. A week before the actual meeting each team member should independently and anonymously answer an input form with 20 or so broad questions, such as: "Where do you want the company to be in five years?" "What do you think are the five most critical weaknesses, opportunities, threats, and strengths of the company?" "What do you believe the company's values, mission, and focus should be?" Everyone's input is combined into one-page handouts to facilitate the group's discussion of each question.

A diverse, independent group of people will derive a better solution than any one expert. Remember that they need to be both diverse and independent. Keep this in mind as you form, expand, and develop your team.

An ethnic food producer was searching for ways to grow product sales. In discussing ways to increase sales of its one product, the team came up with the idea of adding a line of entrees. While the group initially saw the idea as another source of sales for the company's traditional product, a member of the team realized that there was an opportunity to literally transform the business—from a single-product company to an ethnic-food company. After 40 years as a single-product company, team members now expect that within five years the company's new line of entrees will have three times the sales of the traditional product.

7. Prioritize the Issues

During the meeting, the team should be broken into smaller three-person teams that review the responses to each question and prioritize the three most important issues. The facilitator has each team report on its choices and then asks clarifying and probing questions about what action could be taken to deal with each issue. This three-tier approach—anonymous input, small group consensus, and full group prioritization—produces a customized, thoroughly understood list of the current issues facing the organization along with a sense of potential actions.

DEVELOPING A CONSENSUS STRATEGY

The second major problem HR faces to get the maximum return on the organization's investment in senior management is the lack of a written, understood, reviewed, and approved strategy. Such a document enables the team members to make decisions that optimize the entire organization not just their own areas.

We find that it's easier to clarify and document longer-term direction through simple analogies such as comparing the company's unique operation to DNA or comparing working toward the company's long-term vision or goal to assembling a jigsaw puzzle. The objective is to provide a way to make sure short-term actions are consistent with the company's focus and longer-term direction.

Regardless of special techniques, the first step is to clarify the company's three- to five-year focus: its mission. To do this, the team members each answer in short phrases four broad questions:

1. Who do we want to be?
2. What do we want to do?
3. Who do we want to do it for?
4. Why we do it?

Grouping the four answers into a discrete document helps create the mission of the organization. We find power and clarity in framing a mission as an affirmation of who you want to be, what you want to do, who you want to do it for, and why you do it. It is, in effect, the DNA of your organization.

To clarify the company's direction, it helps to think of creating a jigsaw puzzle. If everyone has a view of the assembled puzzle, as depicted on the cover of the box, then it's easier to put the pieces in the right places. Have the team agree on where they want the company to be within five years—how big, how profitable, how many acquisitions, what markets, what products, what target customers, use of technology, geography, etc. Then reach agreement on where they need to be within a year to be on track to the five-year picture.

Most teams are reluctant to use specific numbers, even though without quantifiable direction the strategies are meaningless. I recall my very first meeting with a Navy officer from the Pentagon who kiddingly suggested that it would be best to avoid specifying any measurable quantities in the plan I was working on. In a state of amazement I asked, "Why?" He replied, "Because, your superiors may overlook environmental changes or external factors that impact your numbers and, instead, will hold you to them." Although this officer's suggestion was a tongue-in-cheek approach, we agreed that the CEO and team had to learn how to use numbers as a communications device rather than a club.

Imagine sitting down with an architect to design a new corporate headquarters. The first question is, "How many square feet do you need?" You can't just say, "Well that depends on how much we grow, what our productivity is, how the new product works, etc. It's impossible to answer your question." The architect will repeat, "How many square feet do you need? If you don't give me a number I can't design a building." It is the same for an organization. Every member of the team has a set of numbers in mind that he or she uses when setting priorities and making decisions. Each individual's actions won't correlate with those of other members of the team unless everyone is working from the same set of numbers.

We have a simple way to get teams to open up and set specific numbers. Have all of the members of the planning team put their hands over their hearts and repeat the following. "I will never do something stupid." Pause for ten seconds and add, "Because of something written on a sheet of paper." Let them know that your game plan is a communications device, not a license to do stupid things. Every day they should ask themselves whether what they are doing is consistent with completing the "picture on the puzzle box." If it isn't, they have two choices: They can change what they are doing today, their tactics, or they can get together with the team and change the picture on the box. Only then will you assure everyone's actions and decisions will be aligned.

ASSURING ACCOUNTABILITY AND EXECUTION

The third major obstacle is the lack of a formal set of action plans, accountability, and follow-up.

Now that the entire team understands the vision (or where the team wants to be), the team needs to identify a set of four to six truly strategic goals that will change the current status quo and align the company with the strategic direction. With each strategic goal the team should identify four to –six specific, measurable outcomes that will be in place within 12 months. For each outcome, establish an initial 90-day window of no more than four high-level action steps. Each action step is made up of three elements: (1) what action will be taken, (2) who is accountable to make that action happen, and (3) when does that action have to be completed?

One person needs to be accountable for each strategic goal's outcome. There is universal confusion about this concept. Obviously there are multiple people and groups involved in producing any results. One person being accountable does not imply that that individual   is the only one working on the project. Unfortunately, if everyone is accountable then no one is accountable. Consider the origin of the term accounting. The CFO in a firm is responsible for accounting for sales he or she didn't make, expenses he or she didn't spend, equity he or she didn't provide, and profit he or she didn't generate. In this instance, being accountable means being able to account for where we are, why we are there, and what we are doing about it. Each part of the plan should have a single person who can account for it. Develop the plan as a team, but implement it as accountable individuals.

Don't underestimate the power of a team-based strategic plan to help you win in the marketplace in challenging times. A printing-company client of ours won the biggest contract in its history when the customer decided to select it over its competitors because it had the best strategic plan for staying in business during an economic downturn. Develop a plan with your team, stay with it, and implement it.

The secret of getting an executive team to implement the plan is two-pronged—accountability and follow-up.To assure each member of the team is held accountable for execution, HR managers should recommend that the management team hold a series of "accountability events," i.e. regularly scheduled review meetings. In today's environment the more frequent, the better. Here are some suggestions for accountability events that work well:

- A morning and evening 15-minute "huddle" with the executive team to identify the key action steps that will be/were accomplished that day.
- A monthly two-hour, facilitated action-step review, whereby each responsible party walks through each outcome and the action steps. (This can be done through conference calls and Webinars.)
- A quarterly eight-hour, one-day review meeting where the team celebrates successes, brainstorms tactical solutions, checks the plan against the current environment, and resets/rethinks the action plans.

One of our clients in the pharmaceutical market had a core business of performing one-time development work. The company set a strategic goal to obtain recurring business to mitigate year-to-year revenue volatility. In a quarterly review meeting the sales manager shared that he was delaying his proposal to win a big recurring contract because manufacturing was very busy. There was a lot of discussion about the myriad of issues that would have to be dealt with to win and deliver on the contract. It was clear that the current approach wasn't going to succeed. The team shifted into crisis mode. The team members identified the biggest challenges, and each challenge was assigned a single accountable owner. The company president established a short meeting to be held at the start and end of every day to make sure that everything possible was being done to win. In the end, the contract was won. The new product was successfully manufactured, and the company changed the status quo, shifting to a path with the promise of reducing volatility.

No advisor or outside consultant has as much "skin in the game" as a company's executive team. HR managers owe it to their CEOs—and themselves—to double the input and output of their management team in times of turbulence as well as smooth sailing. Companies that fix these three obstacles find that they more than double their senior managers' participation and reap the rewards for years to come.

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