

Taking the Lead

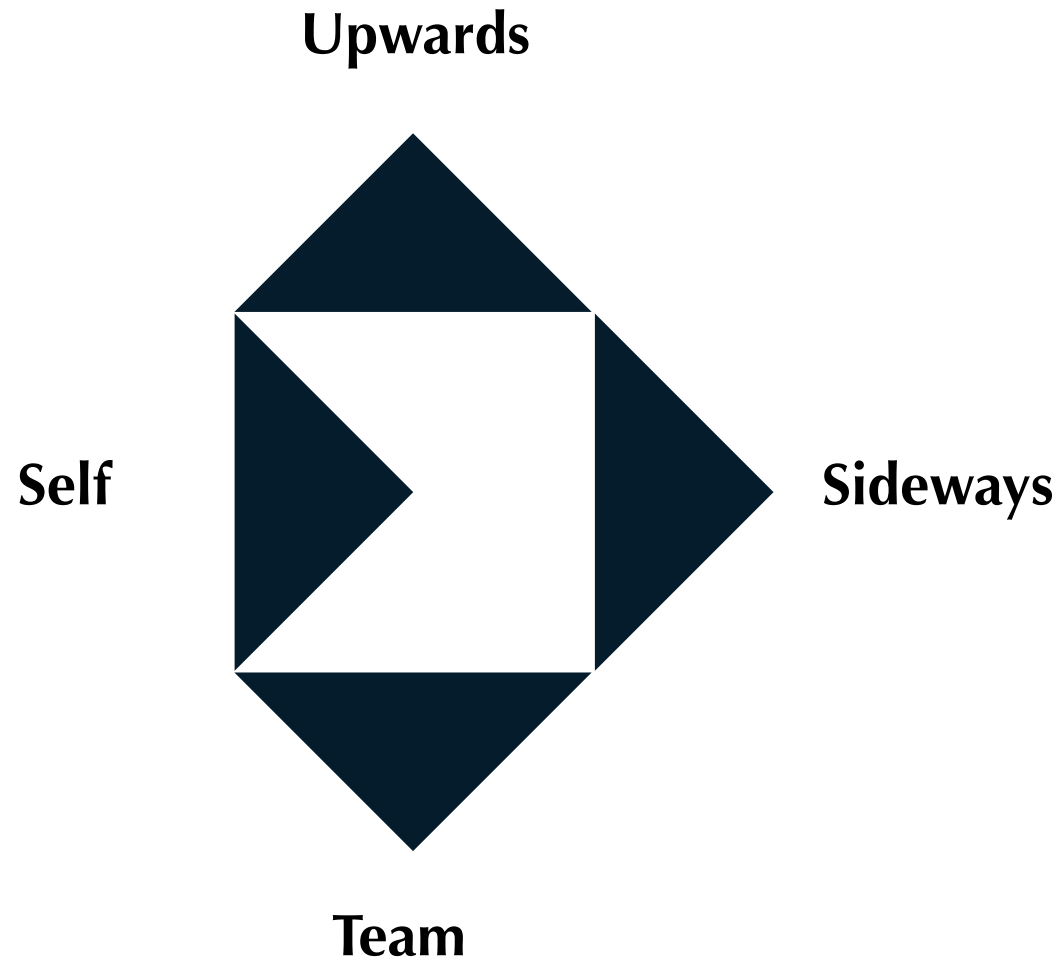
A Personal Workbook

This isn't an official workbook. It's not a complete guide. What you are holding in your hands is a collection of personal tools and frameworks I found most useful when working with senior leaders who step into larger roles—typically at board level.

Best,

Thomas

CEO Leadership dimensions



CEO Onboarding

Leading Upwards

Where do I want to take the organisation? (Enterprise ambition, reframe, value agenda)

How will I engage with my stakeholders?

Leading Sideways

How will I align the organisation?

How will I lead for performance?

Leading Teams

How could I structure and align a winning top team?

How could I create trust and confidence within the top team?

Leading Self

What are my leadership vision and transition goals?

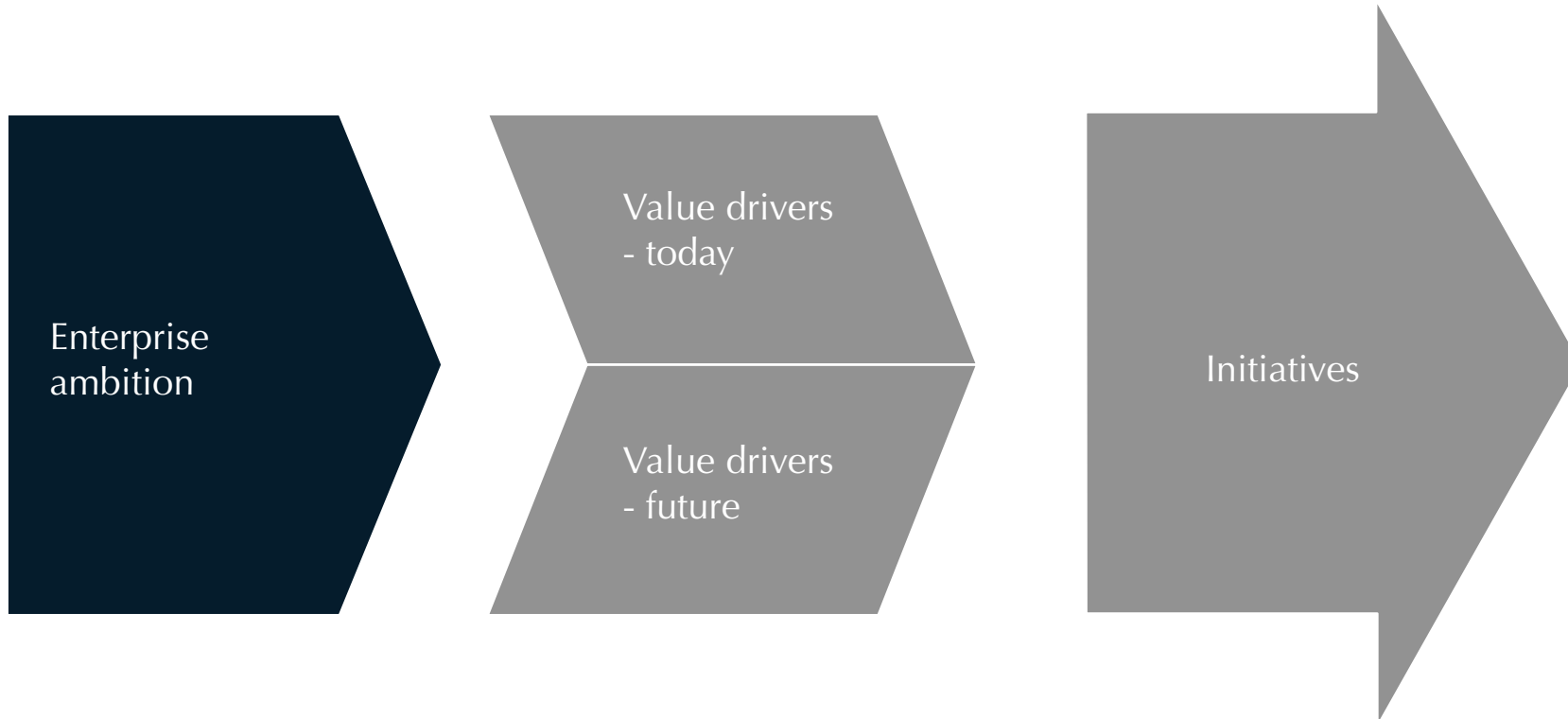
What type of support do I need?



UPWARDS

Where do I want to take the organisation?

My business value agenda



Enterprise ambition: What got us here?

What were the defining moments in the company history (that everybody talks about)

What's the company's place in the current history of the industry?

What are people in the company most proud of?

What are people best at?

What's people's morale today?

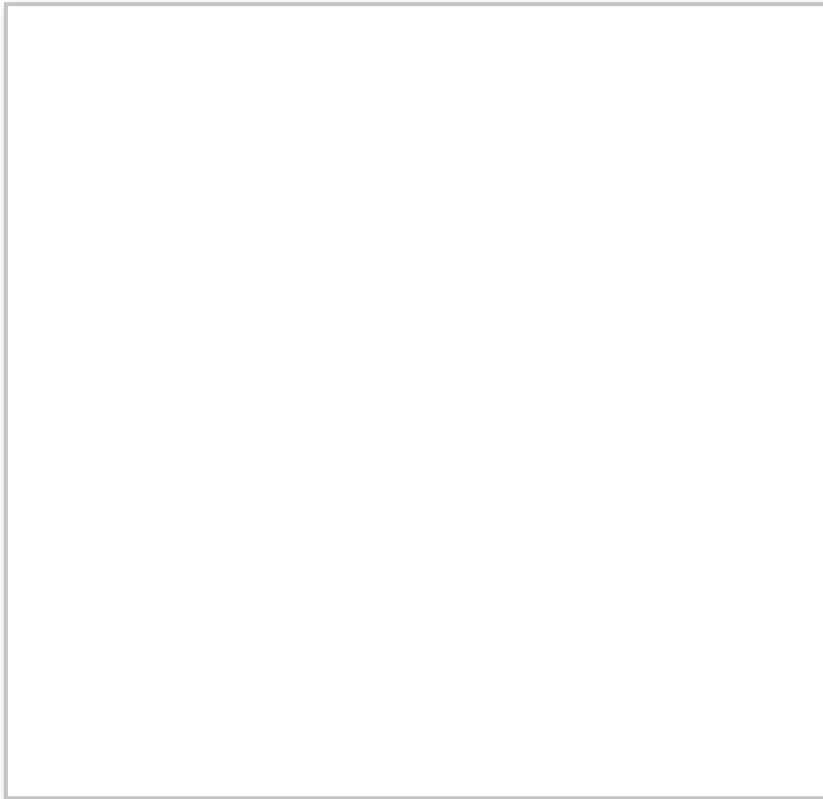
Enterprise ambition: Stakeholders' view

Owner(s)	Ambition	KPI	Time horizon
[Redacted]			
[Redacted]			
Other stakeholders (e.g. boards, investors, analysts, etc.)			
[Redacted]			
[Redacted]			
[Redacted]			
[Redacted]			
[Redacted]			

Enterprise ambition: win vs reframe

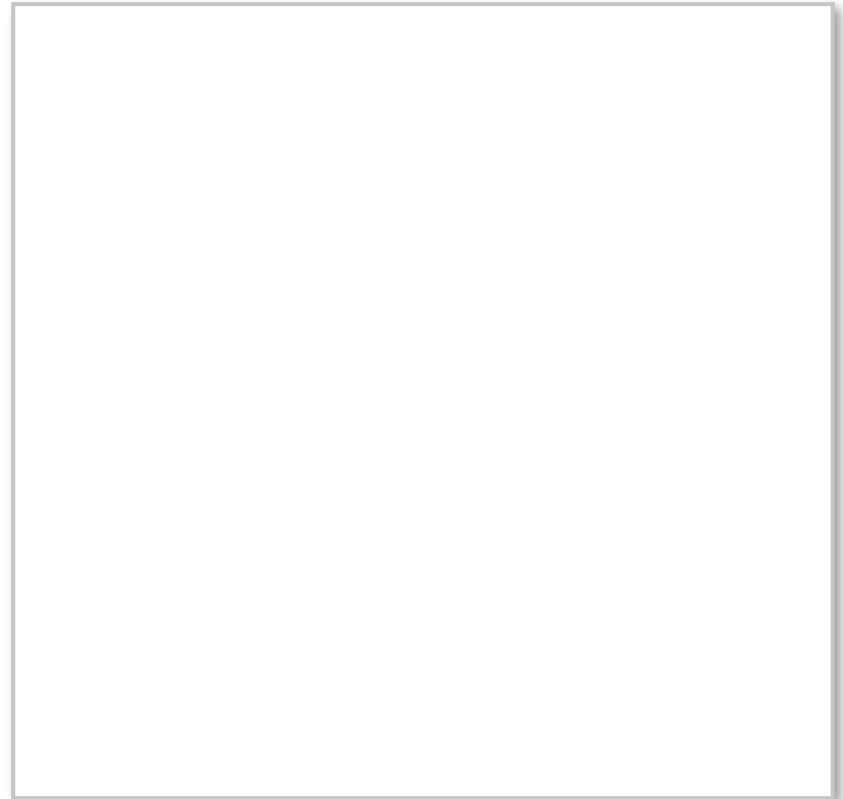
Win

Within today's frame of reference, how would "winning" look like for the organization?

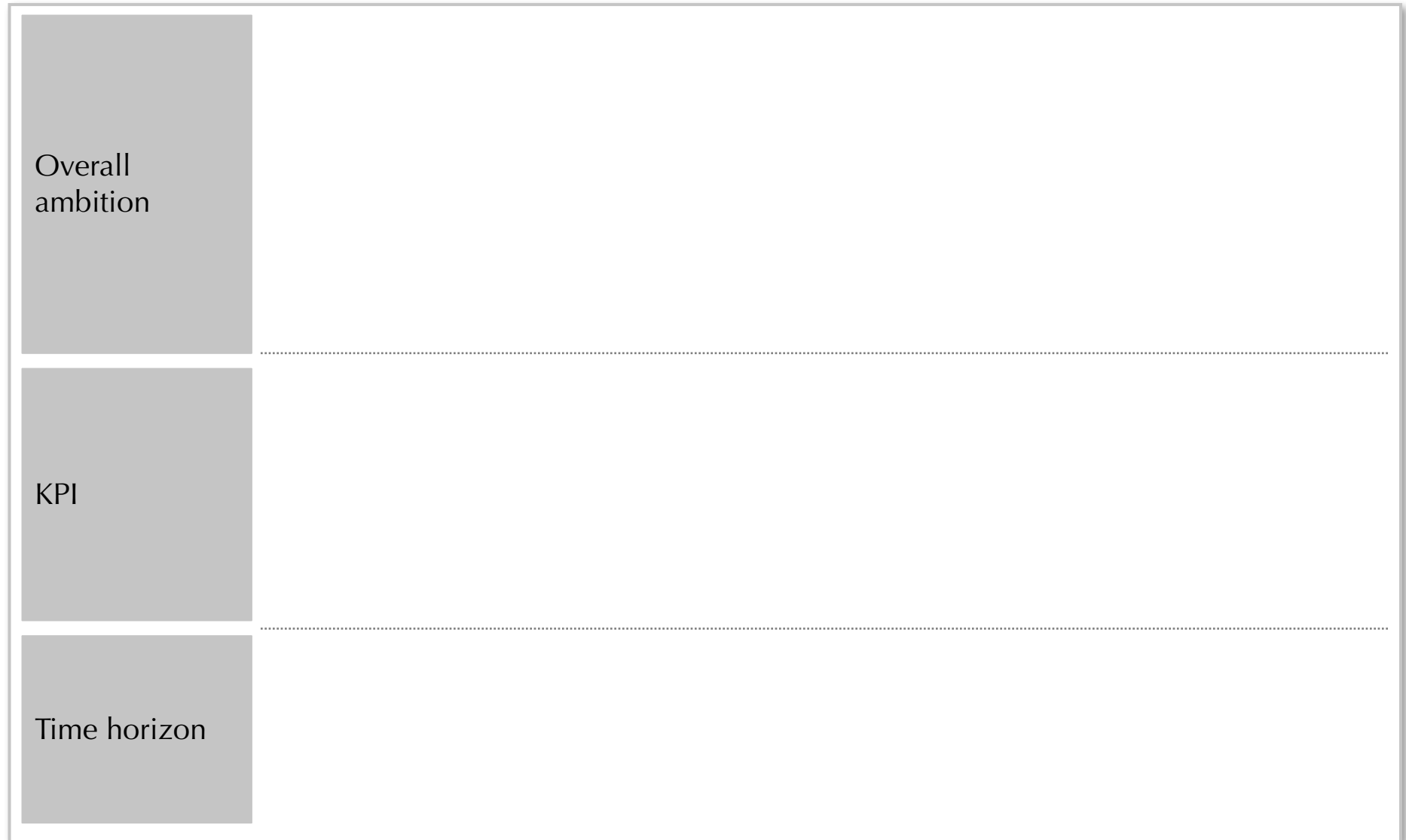


Reframe

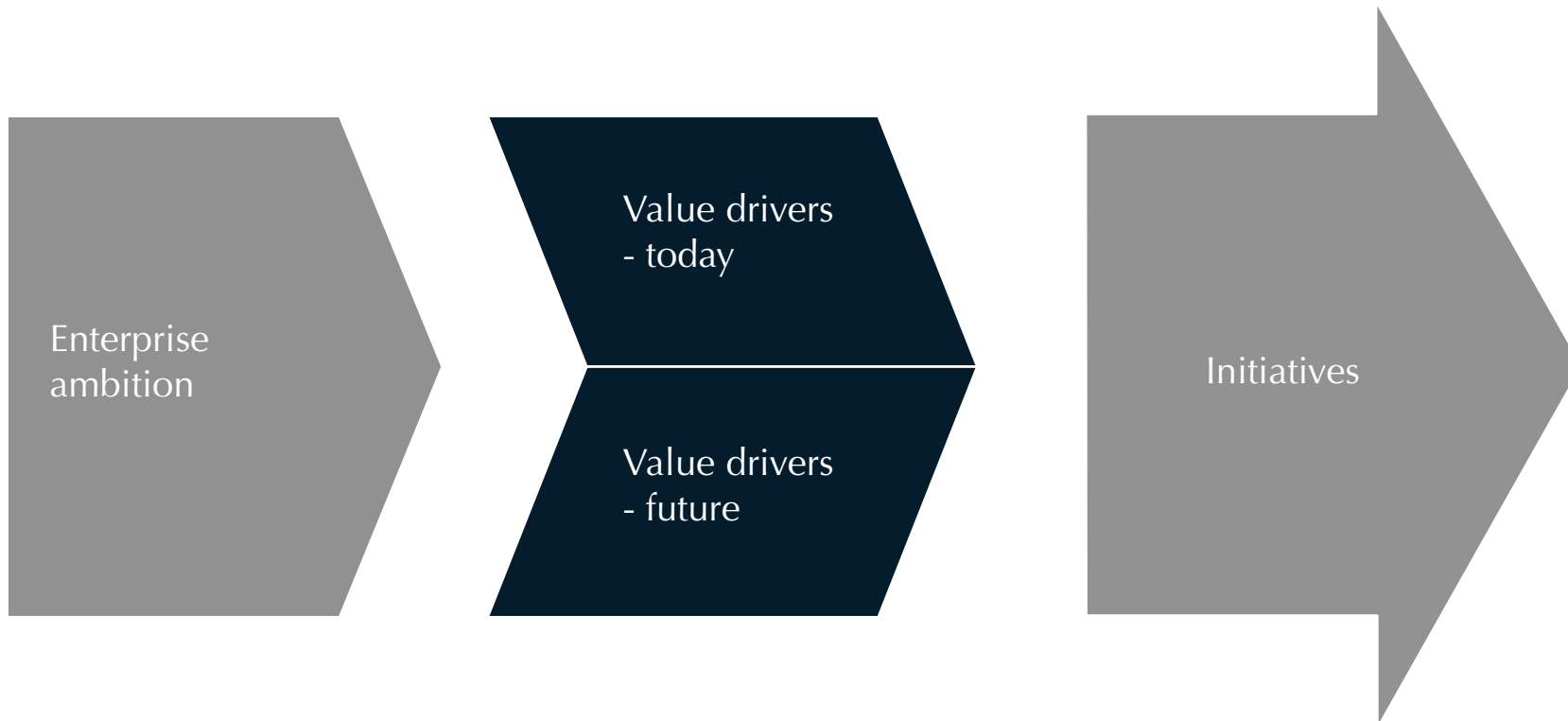
How would "win" look like if we think bigger, broader, wider?



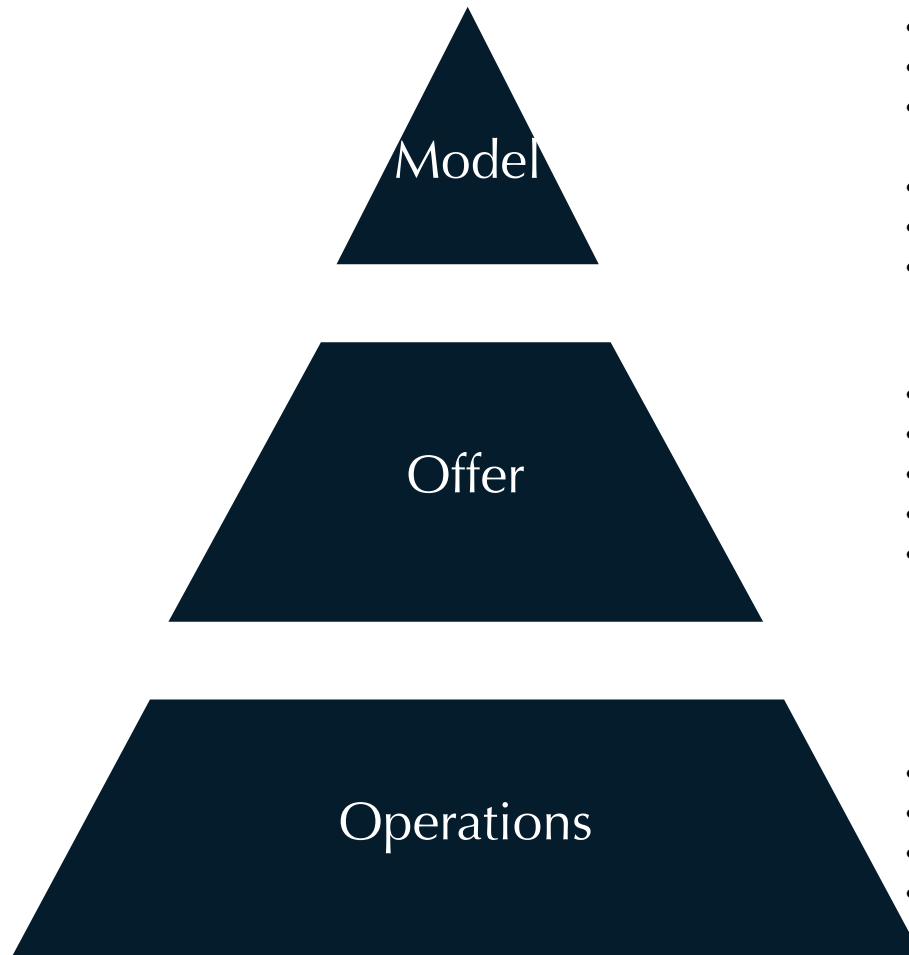
Enterprise ambition (summary)



My business value agenda



Today's value drivers






CEO questions (selection)

- What are the revenues, margins, profit?
 - What's the competitive position?
 - What's the macro-economic and regulatory environment?
 - How could new entrants challenge the model?
 - How could technology challenge/enhance the model?
 - How agile/healthy is the organization? What's the mood?
-
- How well do we understand and serve customer needs?
 - How attractive/successful is the portfolio?
 - How are customer and market needs evolving?
 - How well do we innovate the offering?
 - How strong are our functional skills? What's the mood?
-
- How effective are the key processes (outcome)?
 - How efficiently do we produce (costs)?
 - How well trained are our people? What's the mood?
 - How could technology impact on processes and skills?

Barta, LBS research, Birkenshaw

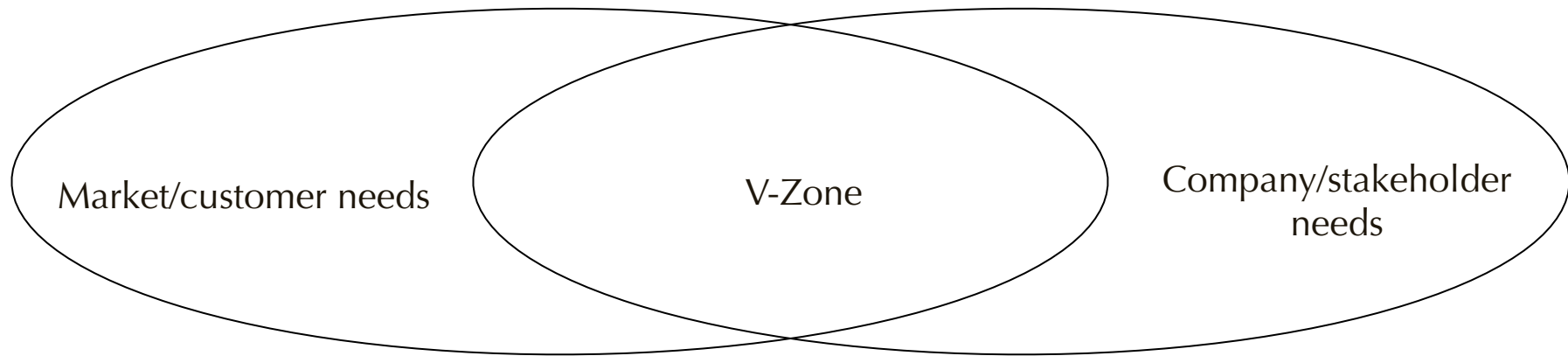
Value drivers SWAT

	Strength	Weaknesses
 <p>Model</p>		
 <p>Offer</p>		
 <p>Operations</p>		

Value drivers: intersections

Market (growth)

Based on my assessment of customer needs and company strengths/needs, which value creation opportunities appear? What's the V-zone? (geographic markets, customer groups, portfolio, distribution, promotion, etc.)



Organization (effectiveness)

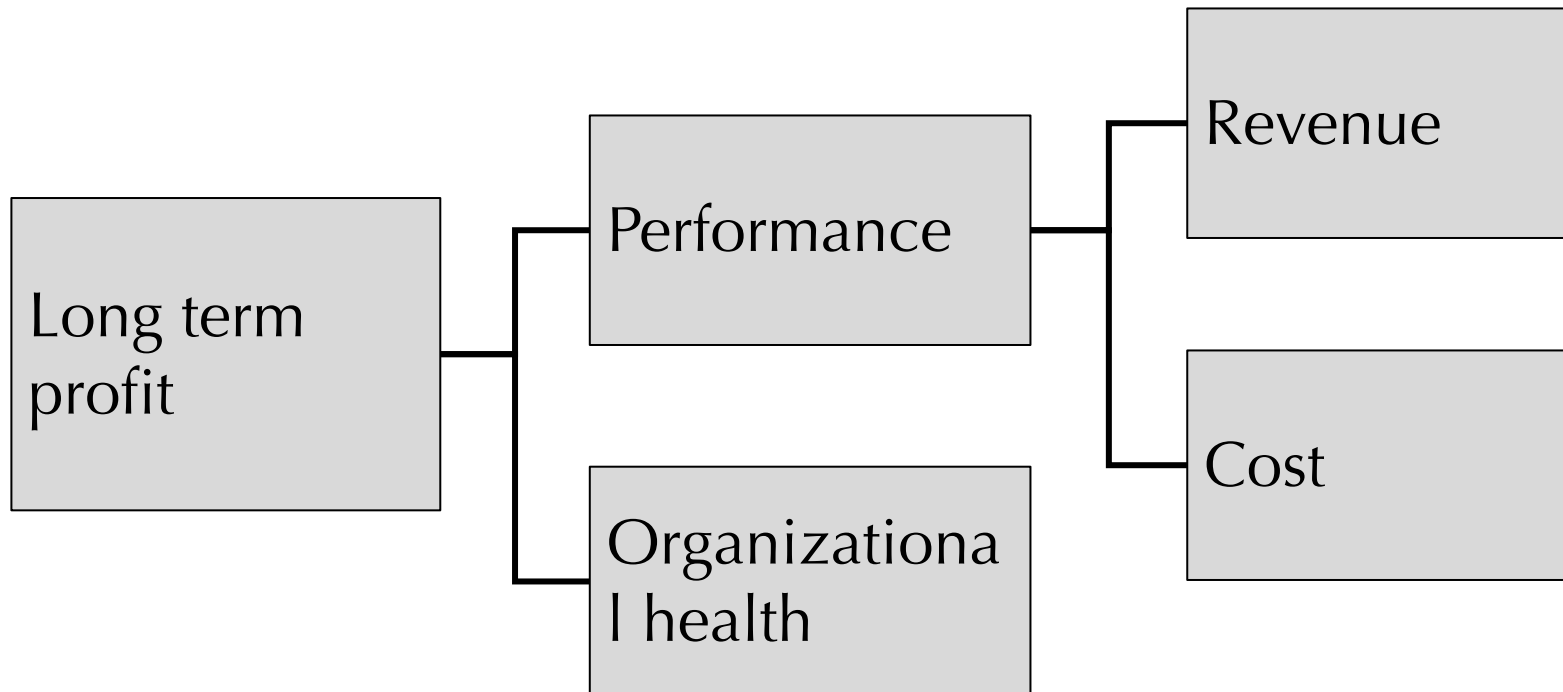
Based on my assessment of company strengths/needs, which internal value creation opportunities appear? E.g.:

- Cost savings (rationalization, procurement, etc.)
- Process efficiencies

Value drivers: Issue tree

Issue tree

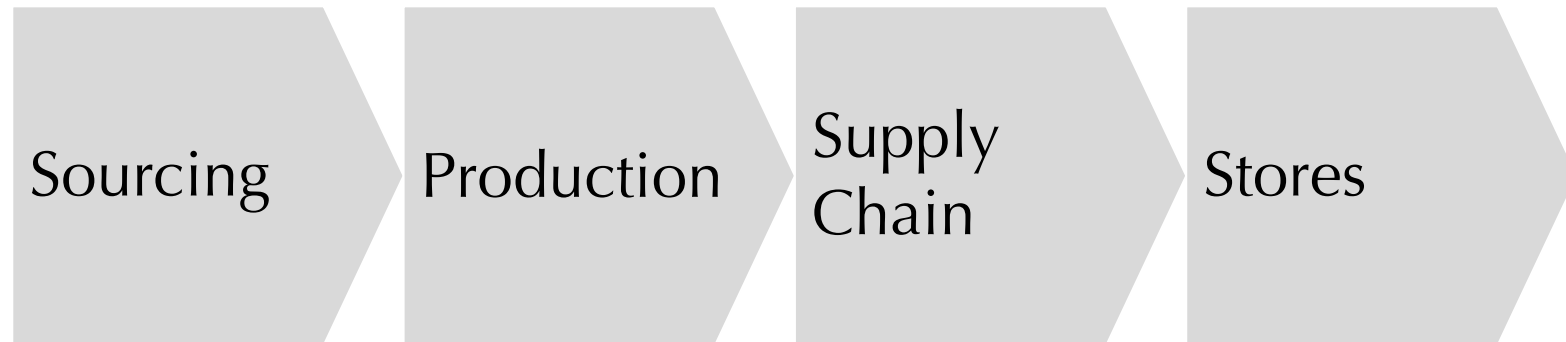
Example question: What are the key profit-drivers?



Value drivers: value chain

Value chain

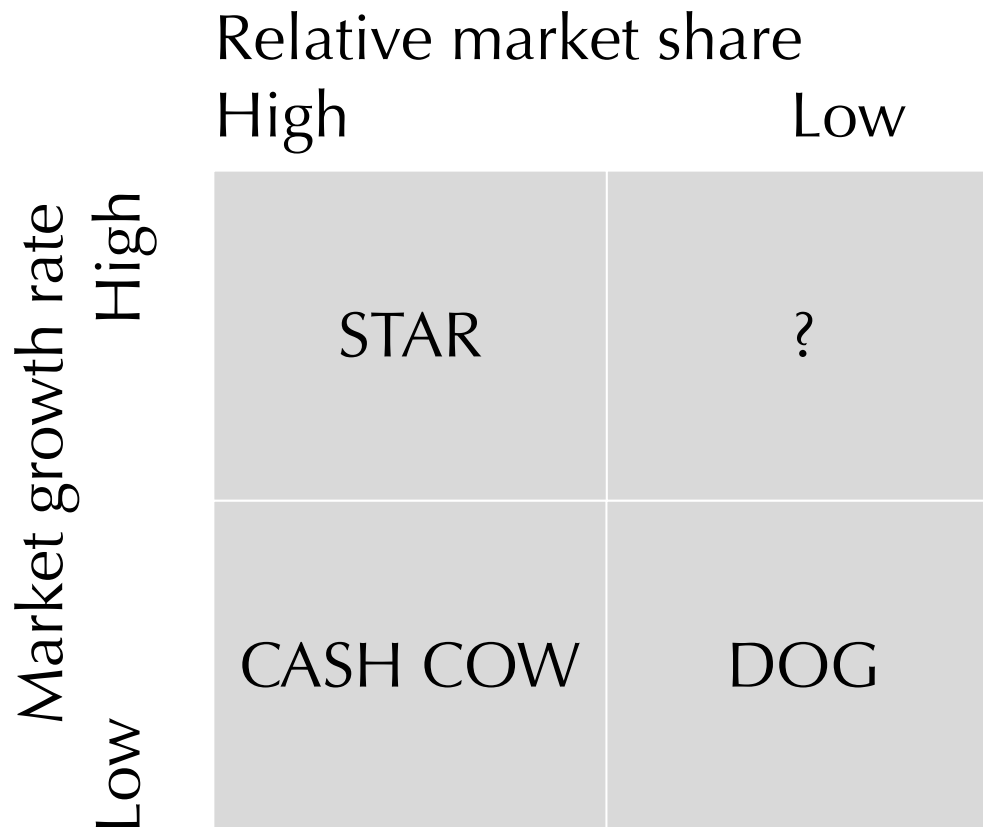
Example question: How does this organization generate value, end-to-end?



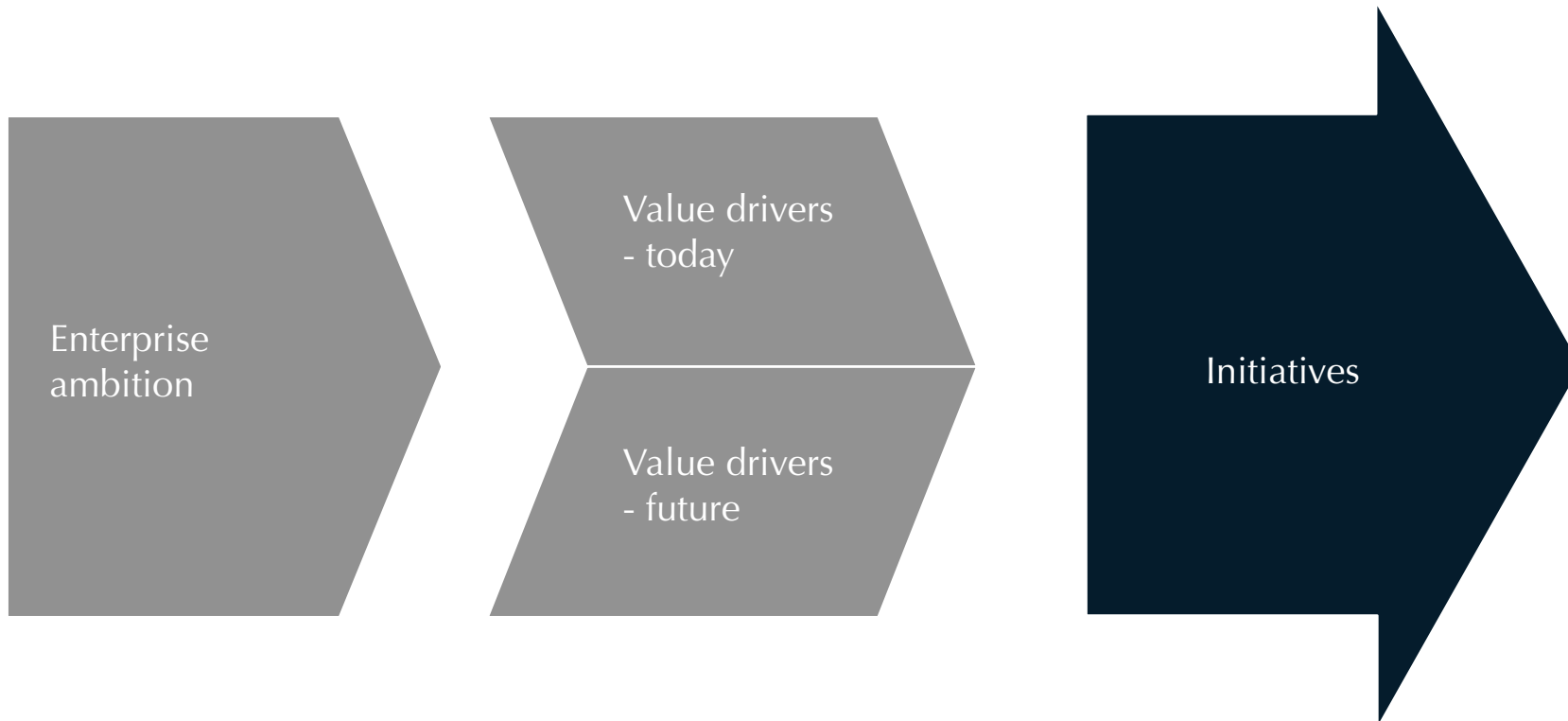
Value drivers: share-growth-matrix

Share-Growth Matrix

Example question: Which businesses / products are cash cows / growth areas?



My business value agenda



Value agenda principles

Robust value driver set

- Value agenda needs to be holistic enterprise view
- Ideally 5-10 big value drivers (includes today and future)
 - Future value from today's business can be calculated by compounding business as usual growth over the strategic period
 - Future is typically 5-7 years out (tailor to company)
- Value ambition should meet/exceed shareholder expectations

Robust value metrics

- Overall enterprise value is a summation of all the strategic drivers plus growth of current business
- Disaggregate the value drivers to reflect the financial P&L structure
- Preferred metric is EV calculated by DCF- gives a view of operating income and investments. Alternatively, you could explore using EBITDA/OM, but capital flow is not accounted for
- Ensure financial model covers operating income and capital allocations
- All value drivers need to be in the same metric

Robust initiative set

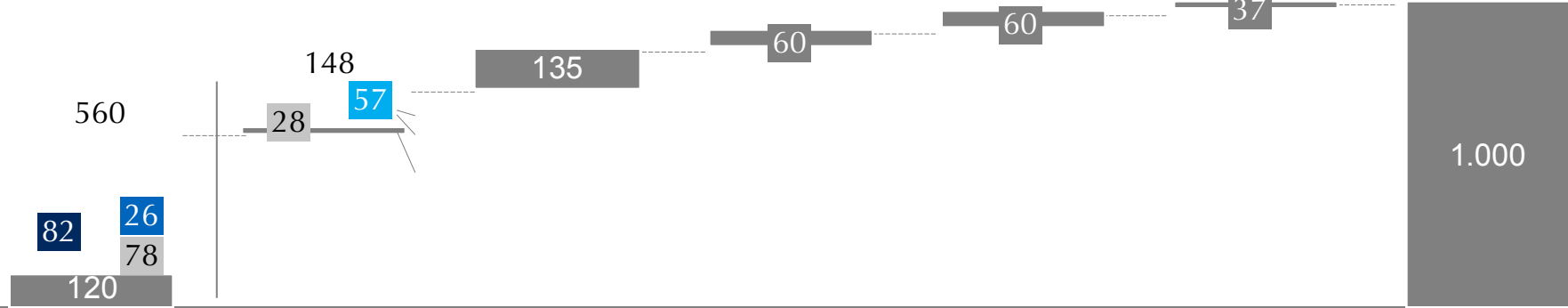
- For each value driver, it is important to lay out the strategic initiatives / work to be done to deliver the value driver

Source: McKinsey & Company, Thomas Barta

Value agenda (Illustrative example)

Enterprise ambition: Grow the business from EV \$560 M (FY17) to \$1B in 5 years

USD Millions



Current business (FY17)

BAU growth

Value driver 1: Grow China

Value driver 2: Lean Mfg

Value driver 3: Globalize Procurement

Value driver 4: Org fitness

Value aspiration (FY21)

Strategic Initiatives

- Grow localized products & expand catalog
- Define market expansion plan
- Increase sales channel by 50 FTEs
- Modernize ERP
- Optimize throughput across plants
- De-risk vendor supply strategy
- Consolidate order systems
- Centralize shared services
- Optimize S&L

Value today

Future value

Value agenda execution risks (questions)

Internal org levers

Key questions to answer

Talent workforce and capabilities

- Do you have the critical skills and experiences to deliver value agenda?
 - Do you have the workforce capacity (#s) to deliver (over next 5 years)?
-

Processes

- Do you have the right cross-functional processes to deliver?
 - Which processes could be improved?
 - What new processes need to be created?
-

Systems and Infrastructure

- Do you have the manufacturing base to do this?
 - Do you have footprint in all locations you need?
 - Do you have the IT, financial and HR systems and tools required?
-

Culture

- What culture do you need to deliver?
- How strong is your culture vs what you need?
- Where are the gaps in culture you need to address?

Value agenda execution risks (illustrative) example

Principles to assess execution risk

- What are the levers to assess risk against each value driver?
 - Ideally focused on elements that can be controlled (organizational elements like culture, leaders & workforce, org structure, process & tools, infrastructure)
- How do I assign the value at risk for each strategic choice?
 - Method 1: Use the OHI to bring a data backed view to the success probability
 - Method 2: Align on subjective allocation to value at risk based on client interviews

Illustrative risk analysis assessment

Estimate the value at risk

Value driver	value	Talent & workforce capabilities	Culture	Processes	Systems and Infrastructure	Org structure	Success Probability	Value at Risk
Grow China <ul style="list-style-type: none"> ▪ Expand market and distribution footprint ▪ Introduce new products tailored towards Chinese consumer ▪ Build brand awareness 	\$135 M	<ul style="list-style-type: none"> ● Need to increase workforce to match new distribution footprint • ● Need local marketing team 	● Centrally focused	● Need to develop localization process	● Expansion of manufacturing capacity	● Leverage North America and Europe expertise in China	90%	~\$14M

Source: McKinsey and Company

Value agenda execution risks

Value driver	value	Talent & workforce capabilities	Culture	Processes	Systems and Infrastructure	Org structure	Success Probability	Value at Risk

Source: McKinsey and Company

Business Impact Goals and KIPs

What will I deliver to the business? Consider your strongest value creation powers

	Goal	KPI(s)
1		
2		
3		

My Impact Goals Over Time

(What will I have achieved by when?)

90 days

180 days

360 days

1

2

3



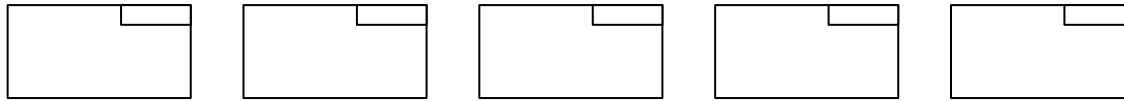
UPWARDS

- How will I engage with my stakeholders?

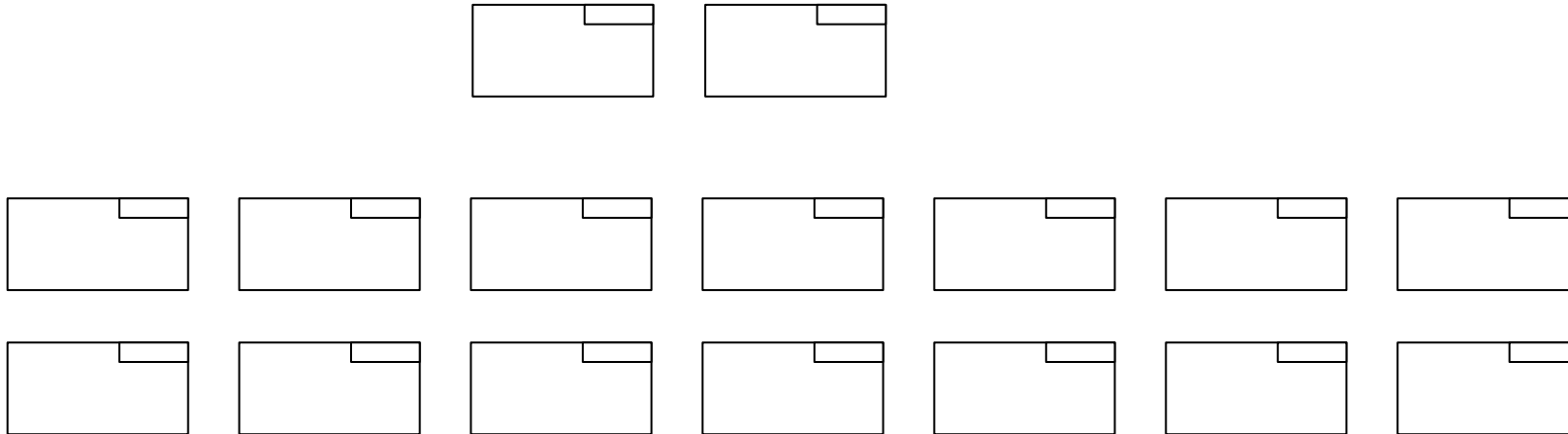
Stakeholder relationships map

Draw a map of the key stakeholders and their formal and informal influence

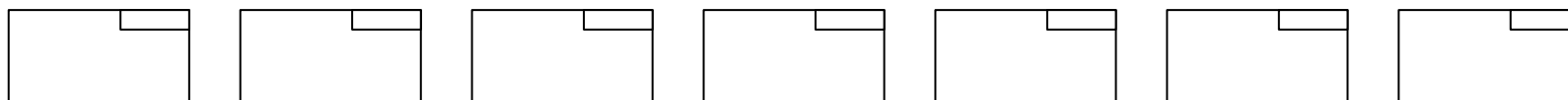
Non-Executive/other



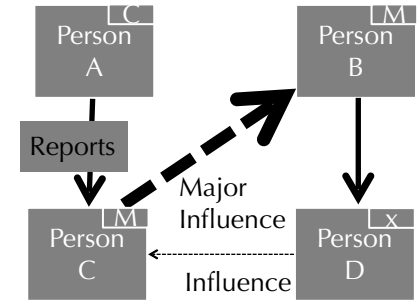
Executive



External



C = Counseling Relationship
M = Met
X = No relationship



Stakeholder relationships goals

Name

Steps to building a strong relationship

_____	_____ _____ _____ _____
_____	_____ _____ _____ _____
_____	_____ _____ _____ _____
_____	_____ _____ _____ _____
_____	_____ _____ _____ _____
_____	_____ _____ _____ _____
_____	_____ _____ _____ _____
_____	_____ _____ _____ _____

(You can also use your stakeholder worksheet to define this)

Steps towards better board engagement

Connect between meetings—Touch base in between formal board meetings to stay current

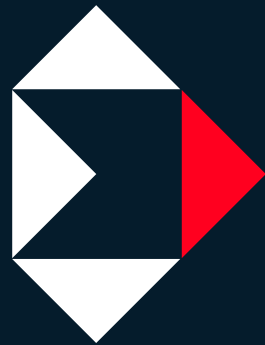
Help form strategy—Don't just review a strategy that executives have already fully baked

Cultivate talent—Consider recruiting executives and mentoring high performers

Engage the field—Target specific projects and act on a collaborative basis

Ask tough questions—Understand how the company and its divisions create and destroy value

McKinsey Quarterly

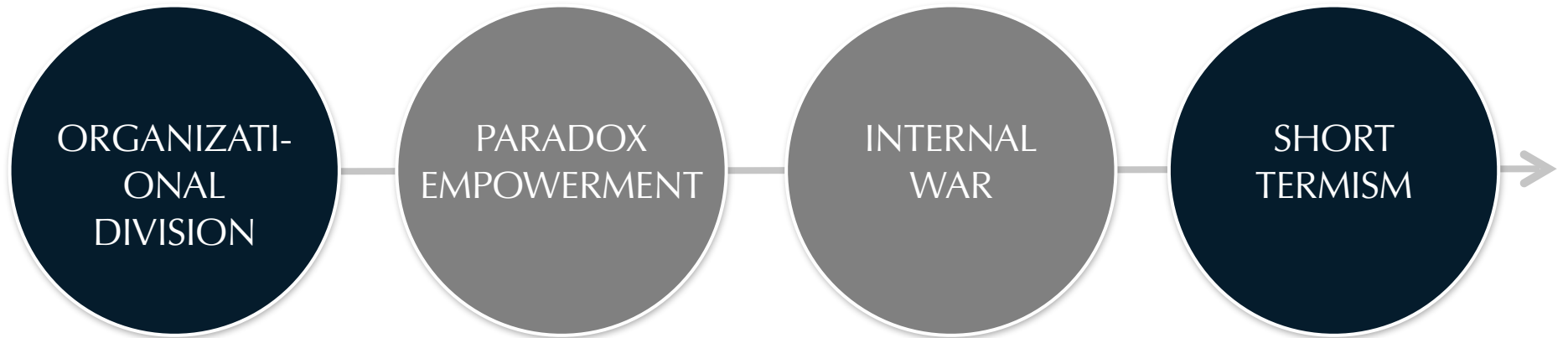


SIDEWAYS

How will I align the organization?

What's your one big thing?

Your story: lack of vision leads to division and, ultimately, short-termism



CEO vision elements

Envisioning

Core purpose
(why we exist)

Core values
(what we believe in)

My "1 big thing"

Source: Collins, Kakabadse, Lee-Davies, CEO Excellence

CEO storytelling



HEAD

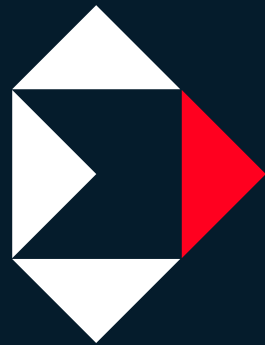


HEART

! HOW-TO

My CEO Story (“1 big thing” - head, heart, how to)

A large, empty rectangular box with a thin grey border, intended for the user to write their CEO story. The box occupies most of the page below the title.



SIDEWAYS

How will I lead for performance?

The Market Impact Review (MIR)

Compose

Impact Pyramid—
Isolate the top
projects that
contribute 80% to
the overall
business success

Assign

Impact Modules
—Define and
assign goals,
timelines and
owners to the key
initiatives

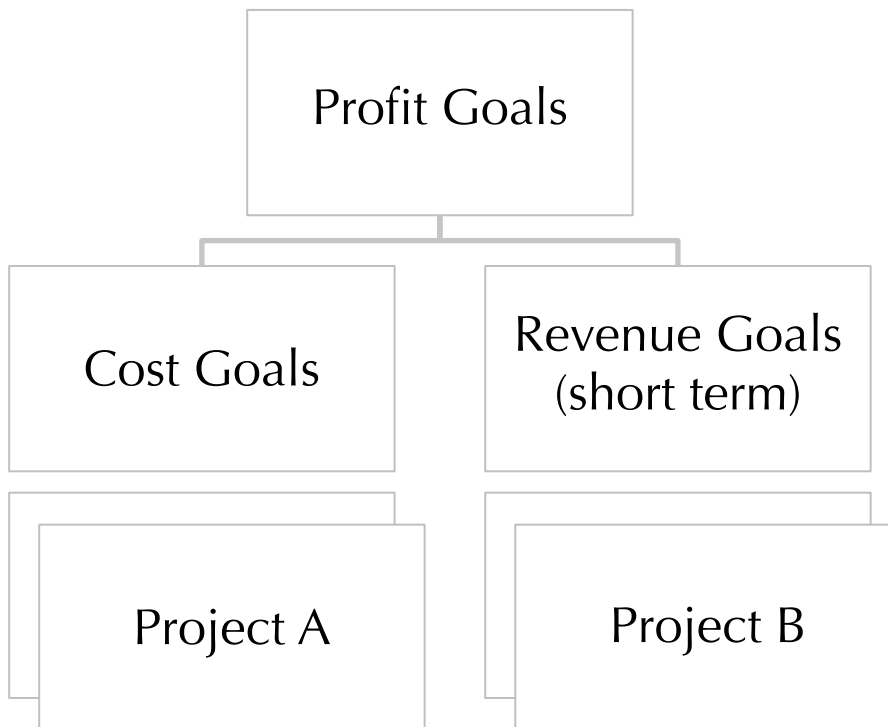
Collaborate

Impact Circles—
Facilitate
rigorously
collaborative
weekly red light
problem-solving

Market impact review (MIR) principles

1. Include all top projects that determine the success of your organization
2. Assign clear responsibilities (one owner)
3. Ensure very regular reviews (at least bi-weekly)
4. Celebrate courage: make people the hero's who dare to bring up issues (not the ones that hide them)
5. Make no exceptions (“play” or “leave”)

MIR: the market impact pyramid



Projects with impact this year—typically 75% of focus.

Examples: business unit sales and support, promotional campaigns, SKU reductions, production savings, IT pilots for new, digital customer outreach, etc.



Projects with future impact—typically 25% of focus.

Examples: product/packaging design, long term brand building (rare exceptions), larger IT projects

MIR modules

Approach

Based on your list of focus projects, each responsible leader starts creating weekly progress updates with three components

Traffic light overview (1 page)

Impact Leader: Lucia Trasovskiy

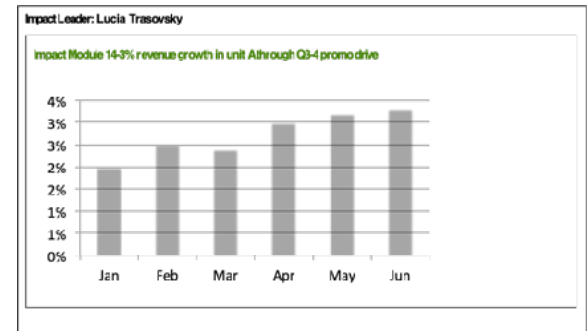
Impact Module	Status	Comment / Problem Solving Need
14-3% revenue growth in unit A through Q3-4 promo drive	● ○ ○	-9% year on year (July)
15-Advertising cost reduction by 2% per GRP	○ ● ○	2% How can we increase pressure on our media agency who currently delays discussions
16-Elimination of 300k xxxxxxxx by end Q3	○ ○ ●	1% Discussions with sales team have failed
17-3% revenue growth in unit Bxx mainly through relaunch	● ○ ○	-1% year on year (looking stable). Backup plan in place
18-Launch preparation of new segments xxx next January	● ○ ○	All milestones hit (we finally got xxx to sign up)

Developments & Support needs (4-5 lines)

Impact Leader: Lucia Trasovskiy

Impact Module 14-3% revenue growth in unit A through Q3-4 promo drive
Key new developments All promotions in place. Customer xxxxx has listed product line. Prices down 2% in xxxx but we could recover this through a 2% increase across all customers last month. Revenue at +9% year on year (July).
Problem Solving Need None
Impact Module 15-Advertising cost reduction by 2% per GRP
Key new developments We have held three meetings with media agency xxxx. However the team have not yet sent us details on media commissions for review. We have some suspicion that our auditing isn't welcome.
Problem Solving Need How can we increase pressure on xxx media agency who currently delays discussions?
















Backup: goals and evidence (1 page)



Keep it simple—keep it very clear

After the initial set up and training, the weekly updates should not take your team more than 15-20 minutes to prepare. Simplicity is absolutely key—so is evidence.

Backup: impact summary

Impact Leader: Lucia Trasovsky		
Impact Module	Status	Comment / Problem Solving Need
#14-3% revenue growth in unit A through Q3-4 promo drive	  	+4% year on year (July)
#15-Advertising cost reduction by 2% per GRP	  	PS: How can we increase pressure on xxx media agency who currently delays discussions
#16-Elimination of SKU xxxxxxxxxx by end Q3	  	IN: Discussions with sales team have failed
#17-3% revenue growth in unit xxxx, mainly through relaunch	  	+3% year on year (looking stable). Backup plan in place.
#18-Launch preparation of new segment xxxx next January	  	All milestones hit (we finally got xxx to sign up!)

Backup: Impact summary details

Impact Leader: Lucia Trasovsky

Impact Module #14-3% revenue growth in unit A through Q3-4 promo drive

Key new developments (customers, competitors, market, internal)

All promotions in place. Customer xxxxx has listed product line xx. Prices down 2% in xxxx but we could recover this through a 1% increase across all customers last month. Revenue at +4% year on year (July).

Problem Solving Need

None

Impact Module #15-Advertising cost reduction by 2% per GRP

Key new developments (customers, competitors, market, internal)

We have held three meetings with media agency xxxx. However the team have not yet sent us details on media commissions for review. We have some suspicion that our auditing isn't welcome.

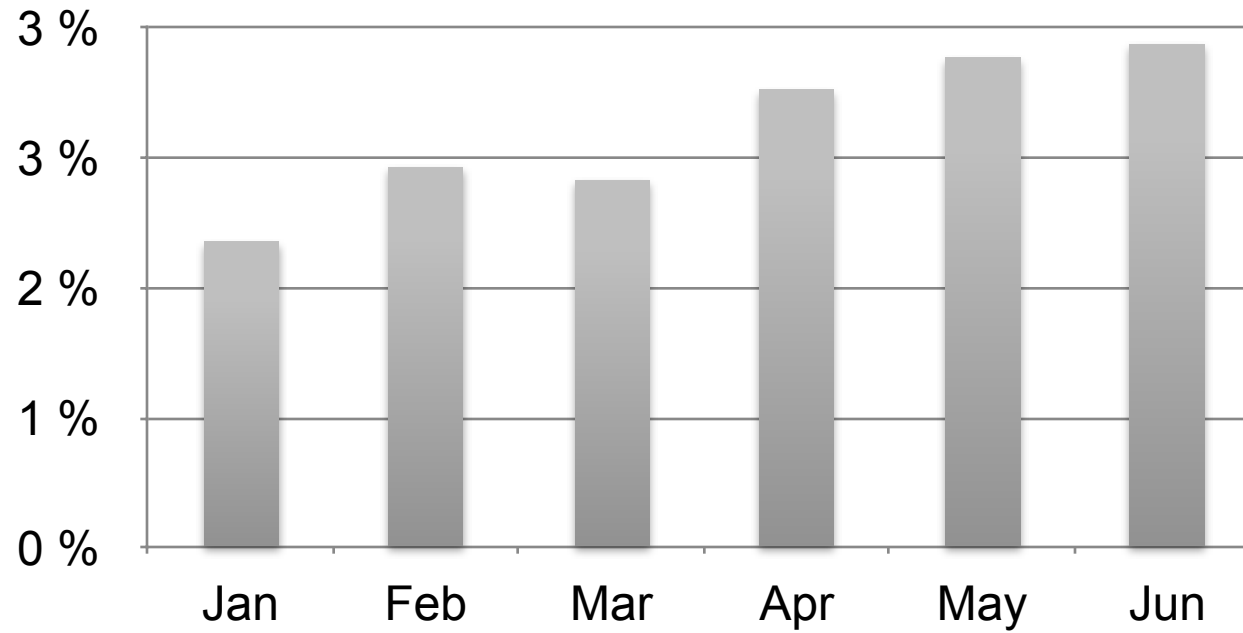
Problem Solving Need

How can we increase pressure on xxx media agency who currently delays discussions?

Backup: Evidence

Impact Leader: Lucia Trasovsky

Impact Module 14-3% revenue growth in unit A through Q3-4 promo drive



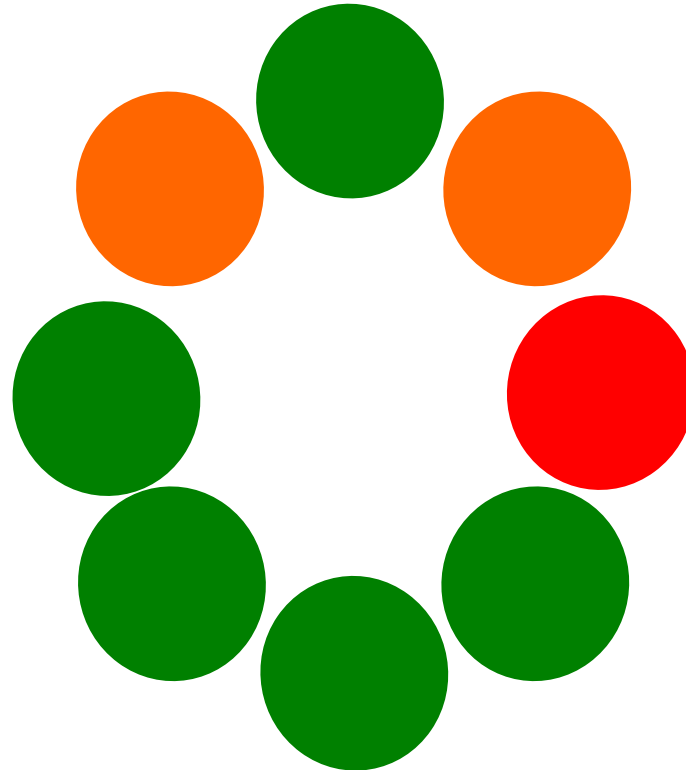
The market impact circle

Mechanics

1. Weekly team call/conference—"all in" (no excuses except for illness)
2. Only problem-solving of yellow and red lights

Principles

1. Focus on problem solving (not blaming!!)
2. Strong encouragement and praise for showing the issues
3. Every view counts—everybody is invited to help
4. For complex issues: follow up meeting
5. 100% CEO ownership (can't delegate). No excuses—people are on the bus or off the bus





TEAM

How could I structure a team with the right skill-set and mind-set?

Building a top team—three CEO roles

Architect

Structure

Alignment

Referee

Accountability

Responsibility

Coach

Confidence

Trust

Top Team Assessment (1/3)

1 = Rarely
2 = Sometimes
3 = Usually

The specific issue(s)

A Every team member can clearly express why the team is critical for the organizations' success

B For the task at hand, team members are among the most skilled in the industry

C The team's diversity is a source of ideas and innovation

D Team members are very well connected within the organization

E Team members' main orientation is outward (market) not inward

F Team members are fully aligned around a shared vision

G Team members call out when the team's work isn't aligned with the agreed vision

H Team members know the firm's top priorities—only focus on these

Top Team Assessment (2/3)

1 = Rarely
2 = Sometimes
3 = Usually

The specific issue(s)

I Team members trust that the leader has their back

J The team members understand and respect different working styles and cultures

K Team members have challenging conversations without getting personal

L Team members have enough trust to talk openly about their strengths and weaknesses

M Team members have confidence in their own abilities

N Every team member participates in debates – has a voice

C Team members have the space to develop their own answers

P Team members take the initiative – don't wait for permission

Top Team Assessment (3/3)

1 = Rarely
2 = Sometimes
3 = Usually

The specific issue(s)

C The team has deadlines and targets for all important tasks

R Team members can trust that every member delivers on what has been agreed in meetings

S Team members know how to allocate time to priorities

T The team celebrates successes regularly

L There is a fair and regular performance review process for each team member

V Rewards of team members are clearly linked to individual performance

V Every team member can trust that career progress is based on merit

X The team knows that poor performance has visible consequences



TEAM

How could I structure and align a winning top team?

CEO team alignment and trust are key—but not the norm

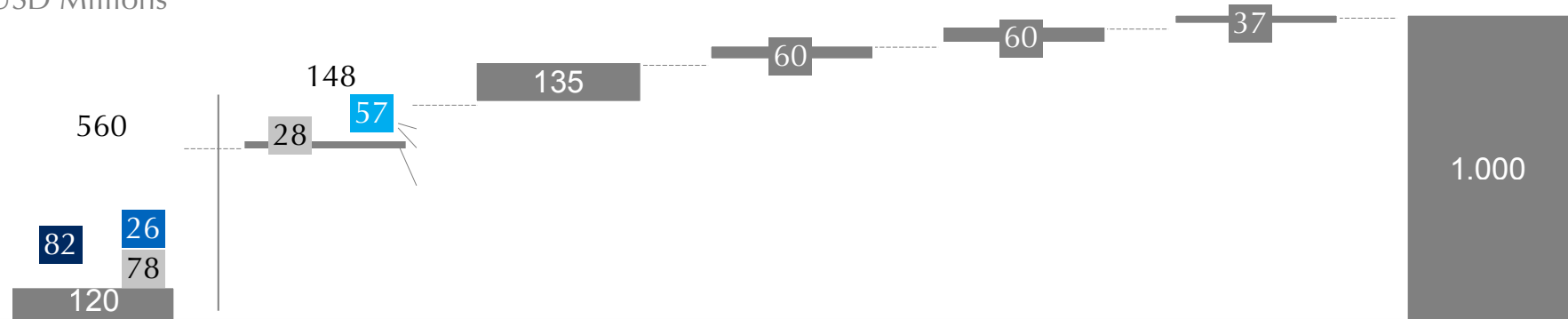


Example: senior global team—highly motivated but unaligned and with mixed effectiveness. Team alignment achieved in two times two days. Team later pushed through a widely published business model change.

Top team follows value agenda

Enterprise ambition: Grow the business from EV \$560 M (FY17) to \$1B in 5 years

USD Millions



Current business (FY17)

BAU growth

Value driver 1: Grow China

Value driver 2: Lean Mfg

Value driver 3: Globalize Procurement

Value driver 4: Org fitness

Value aspiration (FY21)

Strategic Initiatives

- Grow localized products & expand catalog
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- Modernize ERP
- Optimize throughput across plants
- De-risk vendor supply strategy
- Consolidate order systems
- Centralize shared services
- Optimize S&L

Value today

Future value

Source: McKinsey & Company

Architect

Getting the right people on (and off) the team



Structure

Credit: Architect's Trace

Recruiting for distinctiveness

Skills (examples)

- Analytic
- Creative / conceptual
- Executional
- Networks

Personality traits

Fit

Architect: skills & traits needs

The value agenda

Distinctive skills needed

Distinctive personality traits needed

Fit: (Shared values, mindsets)

Architect: today's team distinctiveness and fit

Team member	Distinctive skills	Distinctive per. traits	Fit: below bar
_____	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
_____	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
_____	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
_____	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

Architect: today's team distinctiveness and fit

Team member	Distinctive skills	Distinctive per. traits	Fit: below bar
_____	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
_____	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
_____	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
_____	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

Architect

Aligning the top team



Direction

Photo credit: Pixabay

- CEO vision
- Team vision
- Assets / barriers
- Joint focus
- Commitments

Architect: personal commitments

As a member of our team, I commit to:

A large, empty rectangular box with a thin grey border, intended for team members to write their personal commitments.

Each team member
commits

Top team alignment

BUSINESS ASSUMPTIONS

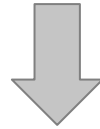
Context, Goals, Strategies, Execution, etc.

TEAM BELIEFS

Purpose, Values, Behaviors, etc.

Aligning the top team - steps

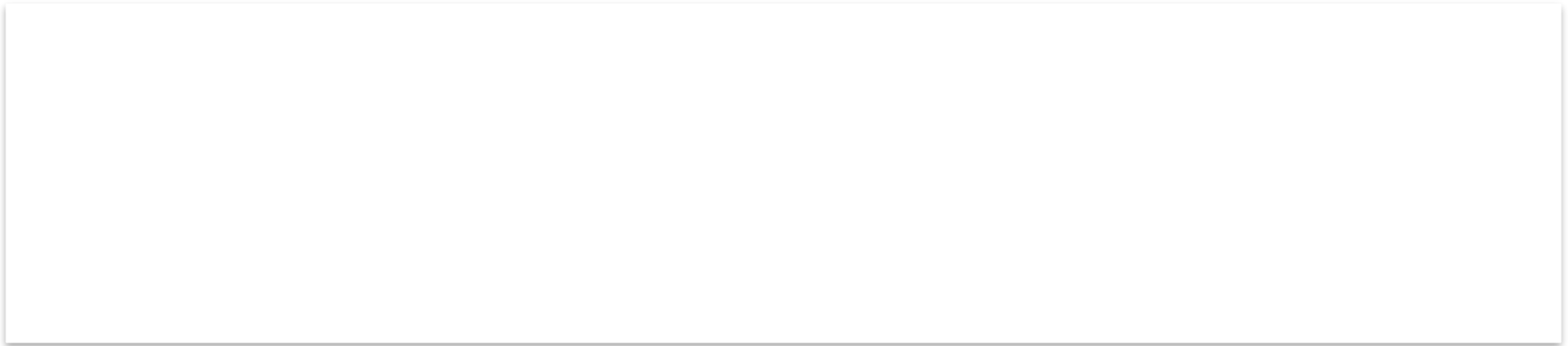
ASSESSMENT



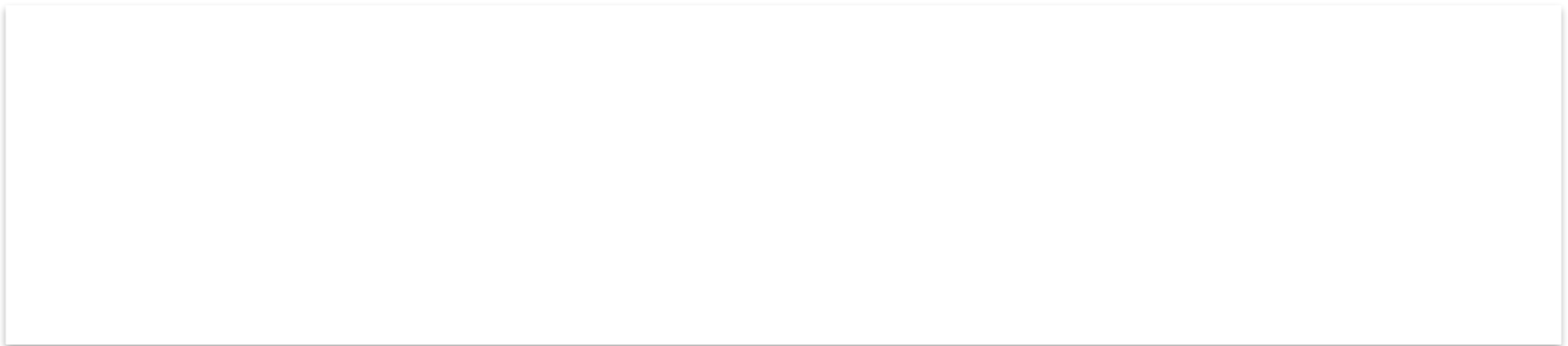
1. CEO value agenda
2. Team vision
3. Assets / Barriers
4. Joint focus
5. Commitments

Architect: top team mission

Why do we exist (the value agenda)?

A large, empty rectangular box with a thin grey border, intended for handwritten notes or a diagram related to the question above.

How do we work as a team

A large, empty rectangular box with a thin grey border, intended for handwritten notes or a diagram related to the question above.

Architect: assets and barriers

To deliver the value agenda we bring/must overcome



Done for the full team –
and for each individual

Architect: joint focus

To deliver the value agenda and to develop and display the new distinctive behaviors, here is how we will allocate 100% of our time.

Philosophy: “We will only do the work that no one else can do”

What we will do

% of our time

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Source: McKinsey & Company (Scott Keller, Michiel Kruyt, Judy Malan)

100%

Referee: Real Job Descriptions – Six Powerful Questions

1. Why does your job exist?
2. How will success look like in 6 months, 1 year, 3 years?
3. What are your top three KIPs (performance, health)?
4. Your obstacles?
5. Your early wins (1 month, 3 months, 6 months)?
6. How will you allocate your time?

Source: Thomas Barta McKinsey & Company

Referee

Responsibility climate

Tactical tips:

- Set targets & deadlines for every task ...
- ... and actually following up
- No meeting minutes*
- Repeat agreements at end of meetings
- Celebrate success openly (not just once a year)

Referee

Managing for consequences

- Use data and tangible results to assess performance
- Do assess your people (it's your job – not HR's)
- Don't assess your people (yourself)
- Do a development map
- Rewards for success (obvious, but rarely happens)
- Bite the bullet - fast



TEAM

How could I create trust and confidence within the top team?

Coach: team trust today

“How much trust is there in my top team today (1-10 scale?)”

Why?

Coach

$$\text{Trust} = \frac{\text{Professionalism} * \text{Intimacy}}{\text{Ego}}$$

Source: Leading the Professional Services Firm, Barta, Barwise

Coach: Building trust – ideas

$$\text{Trust} = \frac{\text{Professionalism} * \text{Intimacy}}{\text{Ego}}$$

Professionalism

Intimacy

Ego

Coach

Help people to grow ideas - and themselves



Confidence

Photo credit: Pixabay

Powerful tools:

- Constructive conflict
- Leading from behind
- Chief Mood Officer

Coach: constructive conflict

1 = Rarely
2 = Sometimes
3 = Usually

Ideas from the discussion

In debates, I get the team to focus on facts rather than opinions and emotions

I get my team to explore several possible courses of action

I emphasize our common goals in meetings

I balance power in my team for important projects (the heavyweights don't dominate)

I coach more than I tell

I'm using humor to ease tension

Coach: leading from behind

Communicating Behaviours

GIVING INFORMATION	Offering facts, opinions or clarifications
PROPOSING	Putting forward a new idea, suggestion or course of action
DISAGREEING/CHALLENGING	Declaring a difference of opinion, or challenging another's ideas, including some reason for the difference
SEEKING INFORMATION	Seeking facts, ideas, opinions or clarifications by asking questions
SUPPORTING	Deliberately agreeing with another person's ideas – eg. "that's interesting"
TESTING UNDERSTANDING	Trying to find out if an earlier contribution from another speaker has been understood. E.g. "I heard you say x, did I understand correctly?"
SUMMARISING	Restating concisely the content of earlier discussion
BUILDING	Extending or developing a proposal made by another person – eg. "that's a good idea & why don't we do x..."
BRINGING IN	A direct and positive attempt to involve another member in the conversation, or attempting to increase their opportunity to contribute, normally involving using the other person's name
SHUTTING OUT/INTERRUPTING	Excluding or trying to exclude another member from the conversation, or otherwise preventing them from contributing or reducing their opportunity to contribute, whether intentional or not!
DEFEND/ATTACK	Attacking another or defensively strengthening one's own position. Usually involves judgements, often contains emotional overtones.

Source: Wisdom8, based on Rackham & Morgan

Coach: leading from behind – my preferences

%

Telling

Why does it matter to me?

Going forward

Asking

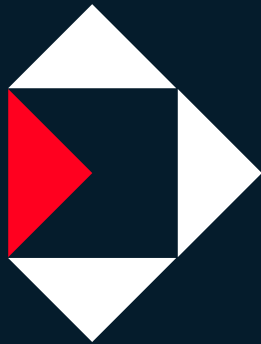
Interrupting

Being the chief mood officer

1. Become aware of your mood- transference to the team
2. Set mood goals for every team- interaction
3. Seek out opportunities to celebrate

“Don’t try this at home” (hard to crack without professional help)

- Significant personal conflict
- Deep disagreement on the value agenda
- Glass ceilings
- Deep divides / camps
- Major team mergers



YOURSELF

What are my leadership vision and transition goals?

Please Choose a Statement (Page 1/2)

Step 1: For each of the following 18 statement pairs, please CIRCLE the one statement that best describes you.

- 1 I'm keen to work in a great team.
- 2 I'm keen to have financial stability for myself and the people that depend on me.

- 3 My biggest dream is to change something in the world.
- 4 My biggest dream is to do things that have the most meaning for me.

- 5 What matters most to me are the people who surround me at work.
- 6 What matters most to me is financial stability.

- 7 It's key for me that my work has a real positive impact.
- 8 It's key for me to work with people I like.

- 9 A decent salary is very important for my feeling of independence.
- 10 Doing work I'm passionate about is very important for my feeling of independence.

- 11 I get most energised by changing something (a market, an industry, etc.).
- 12 I get most energised by working with great people.

- 13 When deciding between two jobs, I'll choose the one where I like the people most.
- 14 When deciding between two jobs, I'll choose the one that's most meaningful for me.

- 15 Independence for me means having a real impact on how things are being done in the world.
- 16 Independence for me means earning enough so that I can do things I really like.

- 17 What influences my happiness most are the people in my organisation.
- 18 What influences my happiness most is the meaning of the work I do.

Please Choose a Statement (Page 2/2)

- 19 A successful career gives me confidence and the platform to do other things in life.
- 20 A successful career means I change something—build something I'm proud of.

- 21 The best reason to get up in the morning would be a job that fulfills me personally.
- 22 The best reason to get up in the morning would be having great people to work with.

- 23 I'm keen not to have to worry about my financial situation.
- 24 I'm keen to do things that have a lasting impact.

- 25 Doing meaningful work is important to me (and to those who depend on me / support me).
- 26 Doing well in my career is important to me (and to those who depend on me / support me).

- 27 A great job means I work with people I genuinely like a lot.
- 28 A great job means I make real change happen somewhere in the world.

- 29 Important people around me care a lot about how meaningful my work is.
- 30 Important people around me care a lot about my career and financial success.

- 31 I truly care that I make enough money to have a decent life.
- 32 I truly care about the type of people I work with.

- 33 I'm keen to be able to say: "I enjoy my work."
- 34 I'm keen to be able to say: "My work is changing the world for the better."

- 35 A great job means I can build things that have a real visible impact somewhere.
- 36 A great job means doing what I love doing.

My "Pro-Forces"

Step 2: Match your choices from the previous pages with the corresponding letters.

- | | | | | | |
|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <input type="checkbox"/> 1 = A | <input type="checkbox"/> 7 = C | <input type="checkbox"/> 13 = A | <input type="checkbox"/> 19 = B | <input type="checkbox"/> 25 = D | <input type="checkbox"/> 31 = B |
| <input type="checkbox"/> 2 = B | <input type="checkbox"/> 8 = A | <input type="checkbox"/> 14 = D | <input type="checkbox"/> 20 = C | <input type="checkbox"/> 26 = B | <input type="checkbox"/> 32 = A |
| <input type="checkbox"/> 3 = C | <input type="checkbox"/> 9 = B | <input type="checkbox"/> 15 = C | <input type="checkbox"/> 21 = D | <input type="checkbox"/> 27 = A | <input type="checkbox"/> 33 = D |
| <input type="checkbox"/> 4 = D | <input type="checkbox"/> 10 = D | <input type="checkbox"/> 16 = B | <input type="checkbox"/> 22 = A | <input type="checkbox"/> 28 = C | <input type="checkbox"/> 34 = C |
| <input type="checkbox"/> 5 = A | <input type="checkbox"/> 11 = C | <input type="checkbox"/> 17 = A | <input type="checkbox"/> 23 = B | <input type="checkbox"/> 29 = D | <input type="checkbox"/> 35 = C |
| <input type="checkbox"/> 6 = B | <input type="checkbox"/> 12 = A | <input type="checkbox"/> 18 = D | <input type="checkbox"/> 24 = C | <input type="checkbox"/> 30 = B | <input type="checkbox"/> 36 = D |

Step 3: Count your letters and shade in the corresponding number on each line below. The total of your scores must be 18.

A (People)	<table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> </tr> </table>											The people you work with matter for your personal happiness and satisfaction. To work with the right people, you would even do work that is less impactful or meaningful.
B (Stability)	<table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> </tr> </table>											You and your work provide important stability for yourself and for others. To create stability, you might forgo—if necessary—opportunities for more impact and meaning.
C (Impact)	<table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> </tr> </table>											You care about your work's wider impact. To make change happen, you would even be happy to risk relationships or the security of yourself and the people who depend on you.
D (Meaning)	<table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> </tr> </table>											What matters is the personal meaning of your work—if necessary, even at the expense of your career progress or your work's wider impact.

My leadership principles

My transition goals

(What should have happened at the end of my transition?)

1

2

3



TEAM

What type of support do I need?

Mentor and adviser network



Letter to a newly appointed CEO

In the letter that follows, McKinsey's former managing director, Ian Davis, offers advice to a new CEO during his transition into the role.

McKinsey&Company

London
May 21, 2010

Ian Davis

It was great to meet for dinner yesterday. Once again, congratulations on your appointment as CEO. It's a big honour, and an opportunity that I am sure you will relish.

I am glad that you found our discussion on CEO transitions useful. You mentioned that it would be helpful to you if I jotted down the key points we discussed, so I am putting pen to paper. My suggestions are focused on making a successful leadership transition—not on the role and attributes of a successful CEO, about which so much has already been written. They are based primarily on personal observation of many CEO transitions, as well as on interviews with a number of leading CEOs and chairmen across the world.

1. *Context is critical.* As an outside appointment, you must quickly learn about the history, board structure, governance and national heritage of the company, not to mention its financial performance, morale and capabilities. Then you must look at this context through the eyes of other constituencies and stakeholders. An early sense of how they might see things is valuable in its own right; it also can help provide a reality check on any assumptions or prejudices, as well as insights, that you may have built up during your interview and recruitment process. Too many CEO transitions get off to a poor start as new leaders learn that what worked in one context doesn't necessarily transfer well to another. Experience is valuable, but it also creates bias. You won't often get such an opportunity or time to step back and reflect, so take it.

2. *We talked about the alleged importance of the first 100 days.* In my view this is an arbitrary number to be treated with scepticism. In a crisis or turnaround situation, for example, you would not have the luxury of a 100-day transition. In other cases, like the one you are stepping into, you can afford to take a more measured approach. You don't want or need to make decisions on, say, strategy or people or core control processes when you are not confident in your knowledge. There is a big difference between being undecided and indecisive.

The key is to be thoughtful and purposeful about your transition time frame and to be very clear on what you believe would constitute a successful leadership transition. Set specific transition goals (for example, establishing the trust of your top team and developing a good relationship with your chairman).

Transitions involve leaving as well as starting. Do not overlook the task of disengaging from your prior job elegantly and professionally. Apart from being the

right thing to do, people notice and remember. People will also notice and remember how you talk about and acknowledge your predecessor as CEO, and how much respect you have for the past.

3. *Taking over as a new CEO is exhilarating but can also be overwhelming.* A critical early task is to establish priorities. On day one you will be handed a list of commitments and meetings. Many of these will be nonnegotiable (for instance, board meetings and annual general meetings) but some will be driven by history and the preferences of your predecessors. Take time to decide which you want to attend, bearing in mind the signalling effect your decisions will have.

Your style in these early transition days and in your first meetings will be watched and noted. It will be important to establish early what you stand for. It will be important also to engage early with employees at all levels to understand the mood and culture and to get a sense of what they actually do and how they feel about the company. People will pay particular attention to how you conduct internal meetings, how you listen, and how much attention you do or do not give to process.

As you establish your priorities you will need to understand the expectations of the different constituents—for example, your chairman, key investors and analysts, regulators, unions, as well as the people in your organisation. You will receive a lot of advice to set bold expectations but, during the transition period it is more important to understand expectations. This understanding will help you stress test your emerging priorities and your degrees of freedom. It will also help you establish your communications approach.

4. *Time will be a big challenge, particularly as your truly discretionary time will be limited.* It will seem that everyone wants a piece of you. This will be

true externally and internally. Be ruthless on the use of your time and on what you will and won't do. Avoid developing a habit of cancelling meetings because of time pressures. This will make you look disorganised and will be demoralising to those you stand up. Don't underestimate the possibility and impact of unforeseen events, particularly when things are going well. Leave space for reflection and for crises—you won't know when they will happen but they will. The rule of thumb is that you can expect at least one potentially career-threatening event a year.

5. *You are fully aware that constructing your top team and building relationships with key people will be a fundamental, perhaps the most important, early task.* In your case, coming in as an external appointment, you will need to get to know the current team and to understand their motivations, capabilities, attitude to risk, and ways of operating. Be open minded and take time to reassess initial impressions or previous experiences. (This would be all the more true had you been an internal CEO appointment.) As always, don't be shy of biting the bullet if you feel it necessary: it can be easier to make tough calls early in your tenure as CEO. There is always the temptation to surround yourself not just with people you respect, but with people with whom you feel comfortable and who are aligned with your way of thinking. This is important, but it can be important too to have a 'bit of grit in the oyster.' This diversity should enhance the quality of challenge, and reduce decision-making bias and risk. It will also send a message of openness to the broader organisation.
6. *Do not underestimate the importance of building a professional, respect-based peer relationship quickly with your board and, particularly, with your chairman.* It's difficult to overstate the importance of the support and confidence of both—you will need

them, particularly when the going gets tough. This is a two-way street of course but it's essential to invest the necessary time and to start this process early. Do not feel that this is solely the responsibility of the chairman. In particular, observe your chairman closely and get a good feel of how he likes to run the board and how he likes to keep informed.

It's useful to remember that the board consists of individuals, each with their own experiences, perspectives, and priorities; it's valuable and rewarding to understand these. Remember it is the board that appointed you and it is the board that is accountable to the company's stakeholders for your success. They, and particularly the chairman, will be as anxious as anyone that you get off to a solid start, and establish an effective working relationship with the board, as well as credibility within the organisation.

As you work on building your relationships with your chairman and board, also make sure that you are familiar with the formal corporate governance principles and company by-laws. Your chairman and key institutional investors will expect it and you don't want to get caught out on such technicalities.

There will be many other relationships that could merit your time during the transition period when you are establishing yourself as CEO—for example, with customers, investors, external advisers, media, and suppliers. You will not be able to do them all justice initially, so it's useful to draw up a map of who you will (and won't) contact and when, based on your judgement of priorities. It may be advisable to share this map with your top team and seek their input. Again, the key thought here is to get control and make mindful choices, rather than letting circumstances or your staff dictate your priorities.

7. *The quality and credibility of your direct support team will be key.* Your choice of personal assistant and of the support office and technical infrastructure around you will be among your most important (and sometimes most difficult) early decisions. They should both support and reflect your own style and method of operating and be designed to take as much of the burden off your shoulders as possible. One CEO I know made a big mistake in keeping his predecessor's assistant and support set-up, even though he was committed to a radical change agenda.
8. *It is advisable to develop—early—a clear transition communications strategy, both for internal and external audiences, recognising that what appears in the external media has a bigger influence on internal and board perceptions than you might initially think.* Are you going to be personally visible and accessible to your organisation and to your customers, or are you primarily going to delegate through the line? How are you going to use communication technologies (such as WebEx, blogs, and video messaging) to leverage your presence and reach? How will you use management conferences to build understanding and alignment? What sort of external personal profile do you want or need to have in the media and with investors? What role will your chairman play in the company's communications and external profile?

Consistency of message is key. Over time you will need to develop coherent themes and directions which enable you to 'tell the story.' But in the CEO transition period, particularly since you are an outside appointment, you may not be clear on your key messages and, in fact, people may not want or expect you to be too specific. In this circumstance, it can be highly effective to focus on your beliefs and what you stand for. In time, these can evolve into specific themes that reflect

your strategic priorities and direction as well as your own style and personality. Don't underestimate the damage and confusion that can be caused by saying too much too soon or by making promises (sometimes unintended) that cannot be delivered on subsequently.

9. A perennial challenge for all in positions of authority is how to get objective, balanced feedback and information. This can be all the more problematic in a CEO transition. As soon as an appointment is announced, relationships shift in both context and tone. What you hear directly will now usually be filtered in some way. People may be more prone than usual to tell you what they think you want to hear. Conversely others may overemphasise their criticisms and worries in their desire to make an impression or simply to reflect their own temperaments and frustrations.

Successful CEOs use a range of techniques to get around the problem, but all involve some form of triangulation and diversity of perspective. The chairman and board have a role to play as do investors, customers, and suppliers—it's always advisable to keep an external orientation to check that the messages from the market are aligned with the messages from within your organisation. Some CEOs use external advisors to help gain perspective; others use more formal techniques such as surveys and systematic feedback mechanisms. Find some room and time for the mavericks inside and outside your organisation. Find some room and time to talk to front line staff. Most boards review the CEO's performance annually. In your first year you may well find it helpful to have a six month review as well. This may sound like an unwanted extra pressure, but in reality it will provide additional objective feedback.

You should aim to build your own bulletproof fact base, so challenge data and information that is presented to

you, particularly in your early days as CEO. How was it collected? How reliable is it? Have there been any definitional problems in the past? Challenges such as this will increase your knowledge and confidence in the information you receive (and occasionally, but valuably, they will do the opposite!). They will also send a strong message to your organisation about the importance of accuracy and of making assumptions explicit.

10. This note is too long already, but one final thought about personal priorities and ground rules. The CEO role has the structural potential to be all consuming. 'The reality is enslavement' a CEO once said to me. It's hard to escape and it's hard to switch off. Nevertheless there are some tips and techniques that might help. It's important to establish early on how you are prepared to live your CEO life, at least when you are not in those occasional situations which require a 24/7 commitment. Are you going to be routinely available during weekends for meetings and travel? Will you honour holiday commitments? Do you intend to use air travel as a chance to work or as a chance to relax? Will you routinely go to external functions and dinners? It's important to establish your own pattern and priorities relatively early—not just for you and your family but also to allow your organisation to adjust.

It can be helpful to develop simple habits and rules that reduce stress and wear and tear—examples include not looking at your Blackberry within two hours of going to bed, controlling your accessibility via email or mobile phone, setting limits on alcohol consumption, planning travel meticulously to avoid continental criss-crossing, and setting aside specific time for exercise or nonwork reading. And, as we discussed over dinner, the nine-hour rule has always helped me put sufficient space between my last appointment on one day and my first appointment the following day—and get a reasonable night's sleep.

Finally, don't forget that the role of CEO brings an element of celebrity as well as power, with all the attendant benefits, temptations, and dangers.



Frank, I hope this letter is a helpful summary of our discussion. I am attaching a page which summarises the key questions that new CEOs might ask during their transition period. Hopefully it will be a useful checklist for you over the next months. As I have said, there are few absolute rights and wrongs, but it is important to make mindful choices about each of them. I will obviously be interested to hear of your experiences and feedback.

In the meantime, as we discussed, I will set up meetings with a few other CEOs. I'm sure you will enjoy getting to know them and that they will form a useful peer group and sounding board for you.

Best of luck in what I am sure will be a great experience. I look forward to catching up with you in a month or so—my turn to pay this time.

Handwritten signature "Yours ever" and initials "tn" in cursive script.

Best of luck,

Thomas