

The Insomnia Factor

What keeps CEOs
AWAKE AT NIGHT
— and what to do about it.

The Monthly Newsletter
of CEO TO CEO

Transparency about Future Events?

Imagine your direct report (who has been acting a bit odd) comes to you and asks, “What does my future career here hold for me, boss?” Are you completely transparent? Do you tell them everything that runs through your head? I doubt it. But how much of their future would you discuss? How much do you actually know?

So you ask them a question. You say, “How do you feel about me and the organization, and what’s the real motivation behind your (odd) behavior over the past few months?” How honest do you suppose they’d be?

We live in a world without transparency when it comes to the future, and without transparency when it comes to feelings and perceptions. Yet sometimes we talk too much about what might be coming.

My work in many client companies is to act as a catalyst for change and to help the executive team settle into the new reality. The CEO and I must think deeply about how much of the

process and future state to reveal to whom, and in what timeframe. Saying too much too early can scare people, or overly-excite them, decreasing the likelihood that our desired outcome will be achieved as we planned. On the other hand, “not knowing what is coming next” in a state of change can be upsetting for many people. It is a delicate balance to maintain.

Great chess players think many moves ahead. If a chess master told us his anticipated move five moves hence, most of us would not understand it: it would be out of context. We’d need to know and understand the four future moves leading up to it. In chess, we can write down and study the game plan five moves forward. But in an organization, we can’t truly appreciate how we’ll feel as the changes unfold just by talking about them—we have to live them. Living through the changes will put us in the right frame of mind to reach that end goal, that fifth chess move. In fact, revealing

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Robert Sher

June 22, 2011

New is on my mind. What’s the right amount of *new* for an organization so they can discover new ideas, new paths to success without forgetting the keys to success they’ve

already learned? Given the number of companies I see and know, I observe that some are firmly rooted in what worked in the past, but that past is steadily becoming dated and less relevant. Other companies love the shiny new objects they see regularly, take too many risks on new things and potentially weaken their core-value propositions.

The most successful companies seem to trial new things like taking vitamins – at a steady pace, never enough to hurt us badly, but always taking small bets on new products, processes, ideas, services and more. They appreciate that both wins and losses add to the accumulated wisdom of the organization.

CEO **TO** CEO

Assisting business leaders as they
navigate critical passages

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too much about the future can put us in a bad space—filled with fear and uncertainty, distracted by the future.

Consider these five examples of big organizational changes, and how your people might feel about them:

1. *Selling the company.*
2. *Reorganizing the leadership team.*
3. *Instituting formal planning processes (and accountability)*
4. *Making a big acquisition.*
5. *Accomplishing a large strategic shift.*
6. *Executing a planned reduction in force (RIF).*

Whom do we message about these changes? In what timeframe? How much of the plan do we disclose?

I strongly maintain that the top team which reports to the CEO should be an ongoing part of creating the future. They should not be just “informed” of all the possibilities for the future, rather they should be hip-deep in creating that future. I would hope that people in such a position would read this article from the perspective of what they should be revealing to their reports, not from the perspective of what should be revealed to them. What you reveal depends on the quality of the top team. If their thoughts or behaviors will be counterproductive when given the full view, then you must hold back on what you reveal, seriously considering whether you have the executives you need to lead you into the future.

The boogey man in this process is self-interest. We all look out for ourselves, so if we feel threatened in any way, we start to focus on us, instead of doing our jobs. Fear, uncertainty and doubt creep in, growing into a major distraction at best. I have a longstanding client who refers to this as the FUD Factor, and he considers carefully how to message internally to avoid FUD. One of the key elements is hearing and understanding the self-interest of the team, so you can address their FUD with precision.

Every manager is a potential weak link. Let’s assume the C-level managers are all good listeners, and are in touch with the self-interest of each of the VPs who report to them. But for every VP who doesn’t understand and communicate the mindset of each of their subordinates, a branch of the org chart goes dark and FUD may run unmanaged.

I’m not proposing that we hide the company’s intentions. Obviously, the firm’s vision must be stated and repeated, so everyone pulls toward the same point. Of course the broad steps for the future should be outlined. Clarity on expectations over the short term for each person on the team is essential for getting work done.

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Presentations

June 28, 2011 **"M&A Transaction Readiness"** I will be a moderator at this no-cost event produced by Robert Half CFO Services. CEOs, CFOs and business owners are invited to attend. Panel will include a lawyer, investment banker, CFO and wealth manager. **Contact me** if you’re interested in attending.

September, 2011 **Business Planning Workshop.** I will hold a business planning workshop in late summer, in which operating executives or executive teams can build their own one page business plans under my direction. For more information, including fee structure, contact Jane Cere: Jane.Cere@ceotoceo.biz.

* Referral Hall of Fame *

Thank you to those who have referred me to an executive or a speaking opportunity! Referrals are how I grow my practice.

Greg Weiss, SVP **Wells Fargo Investments** to a CEO.

Christina Bui, Division Director **Robert Half CFO Services** to a speaking opportunity.

Kevin Barry, CEO of **Kevin Barry Fine Art** to a business owner.

Nelson Cicchito, CEO **Avatier** to a CEO

Rimma Tabakh, Senior Manager **Grant Thornton** to a CEO.

Kendra Ott & Allison Kelly, **Pacific Community Ventures** to a business owner.

Business Planning Workshop

I am holding a business planning workshop in late summer, in which operating executives or executive teams can build their own one-page business plans under my direction. This is an abbreviated version of a process I employ with a number of my clients. All participants will be actively involved in building their own plans. They will come away with the foundation of a plan they can use for the rest of the year. Half day and full day options are available.

For more information, including fee structure, contact Jane Cere: Jane.Cere@ceotoceo.biz.

Top Team Alliance Update

I'm running two Top Team Alliance groups that I formed about six months ago. Both groups have come together really well, and are nearly full. One group has mostly executives from closely held companies, and the other has a mix of PE, VC and public company executives. The groups have bonded well, and are actively helping their peers improve their performance. If you know an executive that might be interested, let me know. Once these groups are full, we'll be starting new ones.

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But if you're planning on a string of acquisitions, do you have to tell the team? Perhaps just as they are struggling to integrate the first one, you start talking about three more acquisitions that could close in the next 60 days? No! You don't know the future deals will close, there is nothing different you want the team to do right now, and they're not ready to hear it.

Let's say you're implementing a formal business planning process for the first time. Do you have to emphasize how much performance pressure the team will feel when their results are shown to their peers monthly? No! You don't know they'll struggle to perform, there is nothing different you want the team to do, and they're not ready to hear it. You let the process begin, and allow that pressure to build naturally, if any pressure is needed at all.

Thinking carefully about how you reveal the future pertains to positive, exciting events as well. All too often I've seen teams take their eye off core execution in favor of an exciting new opportunity. While it can be great to get teams involved in strategy and planning for a new future, you must take care to stress the difference between strategizing and sending the troops into action.

Most of the important changes for an organization take months or years to fully materialize. The communications strategy—what you say and when you say it—must be modified as the organization experiences the change. Some people will be early adopters and will accelerate the change if they see more of what might be. Others will be resistant, but revealing more may push them to depart and make way for new blood who will be welcomed and trained by the early adopters.

As you can tell by now, I'm not advocating transparency for future events. I am suggesting that you take the time at the beginning of any big change and carefully plan out a communications strategy. It will capture your best thinking about what to say, and when, and to whom, and what you expect each of their reactions will be. When you've got your best thinking down on paper, decide on the frequency with which you'll update and modify the plan. While we can think five moves ahead in chess, the truth is that the opponent may not do what is expected, and that will mean changes for us. ■

Robert Sher is principal of CEO to CEO, specializing in assisting CEOs and business leaders as they navigate critical passages. He is the author of *The Feel of the Deal; How I Built a Business through Acquisitions*. He may be reached at Robert@ceotoceo.biz.

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