

Maximizing Results Through People
A CEO to CEO Quarterly Newsletter

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The Spoils of Business Victory

Dear Fellow CEO:

The recently appointed third generation leader of a 15+ year client company just finished the execution of a series of pretty risky business decisions. These decisions radically changed the clients' product mix in an attempt to leapfrog their competition. He was hoping to improve his good market share and profit position and took a shot for the top of the heap. The chance for failure was significant. When this CEO evaluated the alternatives, he came to the conclusion that taking the risk was the right thing to do. Once the decision was made there was no turning back – it would either work or it wouldn't.

He went into this business battle both young and relatively unscarred. Yes, he'd previously been given the responsibility to address some internal challenges and had done pretty well on those tasks. But, those were internal challenges, requiring tactical solutions to ongoing business problems. These recently executed risks in the radical adjustment of product mix were markedly different. This was his first attempt at taking those strategic leaps of faith that put fundamental elements of success like market share and profit into play.

And when he made these moves, he had his doubters – plenty of them, in fact. The strategy this scion selected was new and different from any his father had selected before him. Many went along with the switch in direction anticipating failure – grudging that the "old man" wouldn't have done it this way – but going along anyway. Others followed cautiously, not knowing what to expect. Others still, frequently recent additions to the staff, were more enthusiastic about the opportunities that they could envision along with their new leader. All of these factions had opinions, but, no one really knew if the strategy would succeed or fail. The CEO wasn't sure either. He only knew he was going to give everything he had to make his idea succeed.

After much time and struggle passed, the marketplace spoke and the results the company achieved exceeded all expectations. In a tough, competitive market, the new product direction taken by the young leader yielded the company number 1 market share, significantly more revenues, and most importantly, profit growth.

The battle has been waged and victory can be declared. But, what are the spoils of victory in business? What is it that a CEO wins when the strategy he drives overcomes the odds and yields success? And how is that different if the CEO is new to the job? What if he's not a business founder, but a 3rd generation leader?

Typically, non-CEO's believe money is what primarily drives leaders in the accomplishment of their goals. I think that may well carry more truth for beginning entrepreneurs – especially when they're shadowed by oppressive leverage. It can also be true for undercapitalized businesses. Public company CEO's, in their efforts to please Wall Street, can also be driven by money – to hold onto their jobs.

However, for the majority of our CEO clients, including those mentioned above, money serves more as a mechanism to measure success than as the success itself. Making more money allows for the generation of more opportunities, but the monetary rewards, whether in profits or bonuses seldom drive CEO performance. You've got to have money to continue forward, but generating big personal piles of it tends not to be the primary spoils of victory. It's not typically why the entrepreneur loves his job or does his work.

For the young CEO, like the one around whom this letter relates, rewards of allegiance are added to the benefit mix. Where members of the corporate team were more tied to the father and believed more in his success; when the son turned the traditional style of doing business on its ear and found a better way, trust was built in him with the rest of what was now his team. Team members are now able to feel that their leader does indeed know where he's going and can lead them there. His success has created the foundation of belief in his team – a feeling that “he can do it” that wasn't there before. Certainly, the monetary measures have indicated success, but another important yield was having a staff more likely to follow his charge enthusiastically the next time the big battle is fought.

The spoils of victory contain elements of each of the above, but the primary motivator is something else entirely. For many, it comes down to one basic truth. If the CEO sets the goal and buys into it, the CEO will do everything in his power to achieve it. He'll endure struggles, conflict, irritations, monetary setbacks, nay-sayers – all the slings and arrows of outrageous CEO fortune, to assure that his idea will work.

Why, if not for the money generated or the loyalty accrued? Because not achieving the desired objective is just so painful as to be unacceptable. All of the difficulties leading to the result envisioned are merely things to get through to get to where the CEO intends to go. And when it's all done and the question is asked, “Why did you go through all that you did to achieve what you wanted?” The best answer is very frequently (though not frequently voiced), “Because I wanted to prove I could do it.”

CEO's are able to enjoy the spoils of success when they are willing to test their plans and ideas against the traditional way of doing things and prevail. Our young friend did just that and benefited across the board. He generated profits for his business. He built a stronger loyalty in his staff than what had been there before. But the satisfaction he received was this – he faced the challenge he saw and came out accomplishing his goal. There's nothing that drives CEO behavior more than the opportunity to do just that.

Now, all he's got to do is fix his sights on the next goal.

I hope you enjoyed reading.



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