

The CEO Advantage: How to Avoid Surprises and Manage Bad News

By Nancy MacKay, Ph.D

CEO challenge

The CEO of an award-winning company met with his executive team to celebrate recent successes, including having just closed out their best quarter ever. The session was meant to be a review of their achievements and an opportunity to learn more about what had been done well.

However, during the meeting the CEO learned that their No. 1 competitor had surpassed them in the last quarter. In fact, they had lost to that competitor a significant contract just last month.

The leader was stunned. He had not been told of the loss by his vice-president of sales or anyone on the team. And he was frustrated and angry by what he viewed as a pattern. His executives neglected to keep him informed, and he found himself always having to dig for information.

CEO mistake

The CEO lost it with his team, yelling obscenities and accusing them of “screwing things up badly.”

“I can’t believe you people didn’t tell me about the loss,” he yelled.

He demanded that his sales lead provide a full report within 24 hours explaining what happened and what needed to be done to ensure it never happened again. And he told them that all future losses were to be reported to him immediately, at which point he abruptly ended the meeting and stormed out of the room.

While the CEO may have been surprised, his team wasn’t. Their leader was known for his explosive outbursts to negative news, and they had long since learned to do whatever it took to keep bad news under wraps.

CEO solution

To be successful, it’s critical that a leader have open communication with his team, and that they are able to discuss the good and the bad without fear of reprisal.

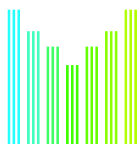
As a CEO, if you want to avoid surprises, you need to do four things:

Accept bad news in silence. Don’t say a word if you are angry or frustrated about bad news. Take a break, get a cup of coffee or just pause for a few moments to reframe the situation so you can identify your ideal outcomes before taking action.

Don’t play the blame game. The CEO took no ownership of the loss of the contract, immediately blaming his direct report and the team and demanding they take action.

Apologize and learn from your mistakes. The day after his blow-up, the leader met individually with his executives and apologized, asking them if there was something he could do differently to make it easier for them to share all news with him – good, bad and ugly. His team helped him learn that because his reaction to bad news was so severe, people avoided sharing with him.

Learn from successes and failures. Working with his team, the CEO developed plans to avoid surprises by systematically reviewing all successes and failures. He clarified that his role would be to get involved in all future contract reviews to offer his support and help set the team up for even greater success in the future. •



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