

The CEO Advantage: Don't Wait Too Long to Upgrade Talent in a Tough Economy

By Nancy MacKay, Ph.D

CEO challenge:

Two years ago, the CEO of a private family-run business brought in an external chief operating officer. The idea at the time was that the COO would free up some of the senior executive's time so that he could be more focused on the marketplace and the bigger picture.

Naturally, the tough economy had caused the business to lose some key customers. However, as time went on, the CEO began to suspect that the operating chief was not strategic enough to keep the business running during difficult times. Though he once saw the COO as an "A-player," results over the past six months suggested otherwise.

The CEO decided to confront the no-longer new guy. In response, the COO became extremely defensive, telling his boss that he was getting in the way of success and was too much in the weeds. The COO expressed that he was not the problem, and even asked the CEO if he wanted his old job back.

CEO mistake:

In this case, our CEO made several mistakes. First, he waited too long to have a candid conversation with the operating officer about the growth strategy for the business. The chief executive became concerned about the problem a full six months before he brought it up, which is bound to put anyone on the defensive.

However, prior to that, the CEO ignored some early warning signs. During management meetings, the COO had been strongly resistant to the company's strategic plan. In fact, he never really bought into the plan at all. The result: he wasn't executing, and results were suffering.

In addition, because the COO was not being held accountable for any results, he obviously did not feel particularly responsible for corporate progress.

And, lastly, the CEO was in denial, continuing to think (or hope) that his direct report would some day be the A-player that the CEO thought he had hired.

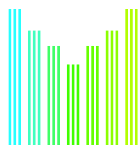
CEO solution:

During a tough economy, companies need to shift from being "order takers" to "order hunters" if they are to survive in an increasingly competitive environment.

The difficulty is that just because someone is a star order-taker, doesn't mean he or she will be as good in an order-hunting world.

As a member of a CEO peer group, this leader brought his dilemma to the next meeting. With the support and advice of his peers, the CEO came to realize that he needed to upgrade his talent pool to manage the business in challenging times.

It had become clear that the COO was not able to let go of the past and commit to the new corporate strategy, leaving the chief executive with the proverbial fish-or-cut-bait decision.



In the end, it was decided that a new COO was needed – one with a lot of passion, energy and confidence in the future as well as a commitment to the organization’s plans.

That new hire was made and a 90-day plan was developed to fast-track results. In that time, the economy didn’t improve, but company sales, morale and prospects were decidedly up. •

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