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INSIDE THE MIND OF THE CEO

Worry and whining about who and what the CEO is listening to – in place of or in addition to us – is one of the age-old traditions of those in public relations. It is the source of much teeth gnashing among other staff functions as well: law, finance, accounting, human resources, security and even strategic planning.

The odd thing, of course, is that none of these functions knows anything about being a CEO, becoming a CEO, or what the challenges of the CEO's job happen to be. Before talking about what most staff functions would like to accomplish, and the strategies to do so, let's do a reality check on the business of being a CEO.

The position of CEO is less and less like it used to be:

- The average tenure of U.S. CEOs is now under 30 months. By contrast, most organizations develop five-year strategic plans. It would appear that this is a fundamental disconnect, which probably needs a remedy.
- One in four CEOs of major British businesses (sales over £500 million) left their jobs ahead of schedule in 2000. That's twice the 1990 rate.
- Huge compensation packages allow CEOs to drop out before they are fired or forced out.
- More and more non-business issues, e.g., globalization, adverse legislation, anti-corporate activism, are intruding on management. These interruptions seem soft and distractive, often requiring moral rather than monetary or business judgment.
- CEOs have yet to be measured on their morality or belief systems, but this is coming.
- In both the U.S. and in Europe, career-defining risks for CEOs are increasing.

Believe it or not, there is no school for CEOs, anywhere. There is no educational organization to teach the next CEO of Coca-Cola how to do that job. Being a CEO is a completely on-the-job training experience. There is only one such position in any organization, and each is completely unique.

Public relations concerns itself with reputation. However, I have yet to sit in on any top-level meeting where there was serious discussion of the actual concept of corporate reputation. I have sat in on discussions about building admiration and how a CEO's peers or peer companies have behaved or experienced similar circumstances, and the lessons potentially learned from those experiences. The concept of reputation is the creation of the public relations industry. The CEO is far more interested in admiration – from his/her peers, employees, the industry served, and from Mom.

Several acquaintances have announced that they have achieved the position of reputation manager or vice president of reputation. My response always is, "How long are you going to have that job? An organization can lose its reputation in a blinding instant; then what are you the vice president or manager of?"

On the other hand, CEOs as well as the empires they create are fulfilled when *Fortune* magazine, for example, lists them among the most admired companies. That's something you can call Mom about – and crow about on the 19th hole.

To understand the CEO's environment, one has to recognize the four general divisions of tasks the CEO faces daily, *alone*:

- Soft intrusions
- Hard obstacles
- Nagging problems
- Career-defining moments

Soft intrusions include negotiations with employees; anti-corporate government action; poor sales; nagging negative news; personal, professional, corporate embarrassment.

Hard obstacles are situations such as a 50% stock price drop in less than 30 days; job actions and walkouts; major product market loss; product failure.

Nagging problems include activist attacks on individual executives and board members; rumors; unfounded and founded allegations; mergers and takeovers.

Career-defining moments include a 50% stock price drop in a 24-hour period; criminal indictment; serious people failure; serious, high-profile product failure; continuing bad product performance; embarrassing, needless, obviously stupid events.

The CEO is completely dependent on his/her organization for success. Organizations are composed of essentially two kinds of people – those who lead the organization and manage its future, and those who are watching and counting what these leaders and managers do everyday.

Most CEOs soon learn one of the most fundamental lessons of their tenure: There is a difference between leadership and management.

Managers are generally those who run the organization by the numbers. The manager's goal is to make the bullet as forecast or exceed it, to achieve the targets as forecast or exceed them; to stay focused on producing primarily tangible results or exceeding expectations.

Leadership depends on verbal skill and personal example. Leaders lead through inspiration, motivation, verbalizing strategic vision, conducting strategic evaluations and questioning, and solving people problems.

To build followership and achieve a vision, the enlightened CEO expects feedback from those in staff positions. Whether it's a crisis or operations crucial to success, the CEO needs essentially four kinds of information continuously:

1. Data:

- A sense of the market: A sense of the acceptability of the organization's goods and services.

- Temperament of investors: What are they feeling? What are they saying? What are they telling other investors and analysts?

- Emotional state of the organization: What are people saying? How are they behaving? Are we a "happy" ship? Is anyone having fun? Or is there a feeling of dread, doom, or simply a rearranging of the deck chairs on a daily basis?

- Candid assessment of the existing situation: Options for action based on the data; do the issues to be faced and the situations we find ourselves in fit known patterns we can plan against or leverage ahead?

2. **Perception issues:** Reality is what others perceive if situations aren't managed effectively.

- What is the wake being left behind by our actions?
- Who is assessing perceptions constantly?
- What are we learning; how and who should benefit from those learnings?

3. **Responses to be executed in real time:** Building or rebuilding confidence and trust requires real-time, face-to-face communication between top executives and key constituencies.

4. **What to do next:** What is the next step? What is going to happen next? What are the barriers to success? What are the unintended consequences of our actions?

The communication burden on CEOs is growing, almost daily. In fact, the inverse of Morris's Law applies: "The more sensitive, the more damaging, the more victims a situation creates, the less time is allowed before the public expects massive communication from the boss." Verbal communication and the communication of leadership ideas today must be faster than timely, faster than promptly, faster than instantly. Those communications must be done *NOW*.

To coach, to counsel and convince the CEO requires some important and fundamental shifts in mindset for the public relations strategist. Here are the most important:

- Develop a management-oriented mindset, behaviors and the attitude that attracts management attention.
- Be strategic because the CEO is the chief strategist. Those who work at that altitude must talk and think from the CEO's point of view. Examples of effective corporate strategies, verbally elaborated upon by their respective organizations include:
  - Federal Express: Absolutely positively overnight.
  - General Electric: Each product group will be #1 in its category; if #2, there must be a plan and deadline to become #1; and if neither, there must be a plan for exiting General Electric.
  - Walt Disney: We make people happy.
  - Convert management energy into strategic ideas and leadership statements that combine strategy/mission/vision.

For the staff executive to assist the CEO requires that the staff executive understand the differences between:

- Leadership and management
- Staff and operations
- Strategy and stuff

Strategy is a unique mixture of mental energy verbally injected into an organization through communication, which results in behavior that achieves organizational objectives.

- Strategy is the key attribute of leaders and leadership.
- Strategy is the energy that drives business and organizations, guides leadership and directs the team.
- Strategy draws people in the same direction.
- Strategy is a positive, energizing state of mind.
- Strategy provides the energy and momentum for the current plan of action.

- Strategy is always positive.
- Strategy is always about the future.

There are a variety of behaviors that are clearly non-strategic. These include:

- Focusing on the unimportant.
- Teaching the value of staff functions.
- Labeling actions and ideas as strategic.
- Suggesting the creation of stuff.
- Self-validated theories and observations that have no basis or foundation in experience or empirical proof.

If you spend a fair amount of time talking with, working with and counseling CEOs and other operating executives, their perspective is quite interesting. Their questions most always are, "How do I manage all these people who constantly yak, yak, yak at me, who know virtually nothing about the business or what I care about, but want to tell me how to run the business? They are all clamoring for a seat at a table that doesn't exist, but if it did, it would be so full of whining, angry people that it would be a totally useless exercise for me. It would be over-crowded with folks who don't know how to help me. How do I spare myself from these amateurs? Who are these people anyway?"

From the most practical of perspectives, the advisor to the CEO:

- Has exceptional verbal skills.
- Communicates effectively in real-time, on-the-spot, because that's how managers make decisions.
- Focuses on what is truly and indisputably important.
- Provides valuable, useful, applicable advice beyond that which the boss already knows.
- Provides well-timed, truly significant insights (the ability to distill wisdom and useful conclusions from contrasting even seemingly unrelated information and facts).
- Understands patterns of events and problems and can plan against them.

There are four crucial tests that ideas, concepts and recommendations must pass to be useful to management, especially the most senior managers:

- Ideas must help the boss achieve his/her objectives and goals.
- Ideas and suggestions must help the organization achieve its goals.
- Ideas and suggestions must be truly necessary (and pass the straight face and laugh tests).
- Without acting on the recommendations, some aspect of the business will fail or fail to progress.

In the good old days, when major brands and important organizations had difficulties, the business community, at least, could be counted on to cheer for success, resulting in increased admiration. In today's world, when trouble comes the betting is often against a CEO's success.

If you put yourself truly in the CEO's shoes, look at his/her tasks, challenges and loneliness from their perspective, then chances are you will be sought after, respected and have important influence on what the CEO does, what the organization does and the success the organization achieves.

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* For more information on this and other crisis communication management topics, visit the author's website at www.e911.com.