

PROFESSIONAL LEADERSHIP FOR THE 21ST CENTURY

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The most essential elements of organizational success remain the same in the 21st century as in the last one. Setting a strategy, creating the right culture and who will succeed in it, being innovative, and making sure your clients understand these innovations will ensure success.

It is unclear that the types of organizations I have led will continue to be in vogue in the 21st century. My objectives have always been to make things consumers want—whether camp stoves, toasters, hamburgers or ice cream—and to try and make a fair profit doing so. Today, business leaders are rewarded for not tying down their companies in the mundane tasks of making things and for driving for massive losses to prove they are investing in future growth.

Yet, there are no new economics, and these dot com anomalies will reverse themselves over time. I am convinced that the most essential elements of organizational success will remain as important in the 21st century as they have been in the 20th century.

All of those essential elements revolve around people:

- hiring, training, and motivating people
- creating a positive work environment
- getting people to understand and believe in the vision for the organization
- getting people to do the right thing

My career over the past few decades has led me to manage a wide variety of businesses. The only common element was that each business had serious problems and was in need of new leaders who could implement a dramatic turnaround. In each case there was a wide degree of skepticism among em-

ployees, shareholders, financing institutions, and the media about the new team's ability to succeed.

The track records of the various teams I put together have been remarkably good, given the level of challenge. So, what wisdom can I impart to you based on these experiences that will prove useful to you as leaders in the 21st century?

Like most CEOs, I have a simple set of principles I haul out for each occasion.

- First, develop a strategy before doing anything.
- Second, choose the right people.
- Third, create the right culture.
- Fourth, produce and market truly innovative products and services.
- Last, communicate effectively with the consumer to explain those innovations.

Not very complicated in concept, but the execution of these principles can be horrendous.

SETTING A STRATEGY

I have never found setting a strategy a difficult part of the exercise, probably because I have spent about 30 years of my career working on developing strategy. But whether it comes easy or hard, it is essential to have a strategy and a clear sense of direction. It amazes me how often organizations have not thought through a strategy. We also insist on having a vision and a set of principles as part of the strategy.

This article is based on the keynote address to the JCSA Teleconference—1999.

An example of a vision is what we set for Revlon a number of years ago. The entire vision was expressed in only three words: Glamour, Excitement, and Innovation. It told our constituents all they needed to know about where we were heading.

At Coleman our vision was expressed in four words: The Outdoor Recreation Company.

Sunbeam, a much more diversified company, had to adopt a more subtle approach: Sunbeam for the next generation of families.

The principles of all three companies were, not surprisingly, quite similar as the culture we were trying to develop in each was essentially the same.

Sunbeam today refers to these principles as core values, and they revolve around outstanding people, teamwork, integrity, and honesty (highlighted here because of Sunbeam's recent past), winning, exceptional products being consumer and customer driven, and outstanding financial performance.

We distribute our vision and principles to each and every employee worldwide in their language. The corporate strategy is widely discussed through the media, company newsletters, videos, and town hall meetings with employees. A similar process takes place within each of our business units for their own strategies.

Given my experience in turning around businesses and my community involvement, I have been asked to apply my skills to non-profit organizations. NYU Hillel and the University of Michigan's Engineering School are two examples. The principles work as well for non-profits as well as for businesses. The primary difference lies in the decision-making process, which is infinitely more complicated in nonprofit organizations.

CREATING THE RIGHT CULTURE AND PICKING WHO WILL SUCCEED IN IT

Quite possibly, you are pleased with the culture that already exists within your organization. That's great. Don't try to fix what isn't broken.

I have never been so fortunate. I have

always been in a position of having to create major change, and if you don't change the environment, you simply cannot get the changes to occur. It becomes like pushing on a rope.

Let me give you an example from Sunbeam. If you read the recently published book *Chainsaw* or at least the excerpts in "Business Week," you would probably think Sunbeam had a culture that would welcome change and adopt it quickly. Yet, Sunbeam was a human relations disaster, the worst imaginable environment.

Wouldn't the employees cheer the demise of the fallen leader and quickly move in the direction set by the new leader? Even if they questioned my ability to manage Sunbeam, at a minimum they would think I was nicer than Al Dunlap.

It did not work that way.

Despite a fairly long history of eccentric, if not incompetent leadership, how did Sunbeam survive? After all, we still made and shipped our toasters, blenders, electric blankets, barbecue grills, and clippers, despite the leadership issues.

My analysis is that the organization learns how to survive despite the leadership. The plants have been making Sunbeam products for decades, generally with long-term employees who understood their jobs. They knew exactly how to make a high-quality toaster. They knew that the orders from the top were idiotic. They knew that if they followed orders, eventually they would lose their jobs. The factories would close, or they would be fired for doing something stupid.

They learned to ignore the leadership and keep doing their jobs the old way. The result—they were still there and the last three CEOs had been fired.

They had developed a learned response: ignore the CEO.

So I show up. How would they know that I wasn't just the fourth idiot? Why on earth would they listen to me?

I traveled the world and visited each and every site at least once, more often two or three times. I sent videos, newsletters, and emails explaining our strategy over and over

and over, as I knew it would not stick the first time.

I can now say we have finally gotten the message across, and it shows in the morale of the organization as well as our financial results.

We have done a lot of sorting out of staff, with very few of the old management able or willing to survive in the new culture we created.

My best advice is not particularly humane, but is based on over 30 years in management: Senior managers do not adapt to change very well. They have risen to their positions by relying on their own set of principles and methods of operation. Very few can survive a major culture change.

So do not wait too long to give people a chance to change. The odds are against you. Be decisive and be known to be fair. You will need your reputation as a fair manager to maintain the employees you want to keep.

**BEING INNOVATIVE AND MAKING
SURE YOUR CUSTOMERS
UNDERSTAND THE INNOVATIONS**

Whether you are providing a product or a service, you cannot be a commodity in the 21st century.

Large mass retailers as well as the Internet will assure that a consumer can easily find a commodity at a lesser price from another source. The survivors will all learn to differentiate.

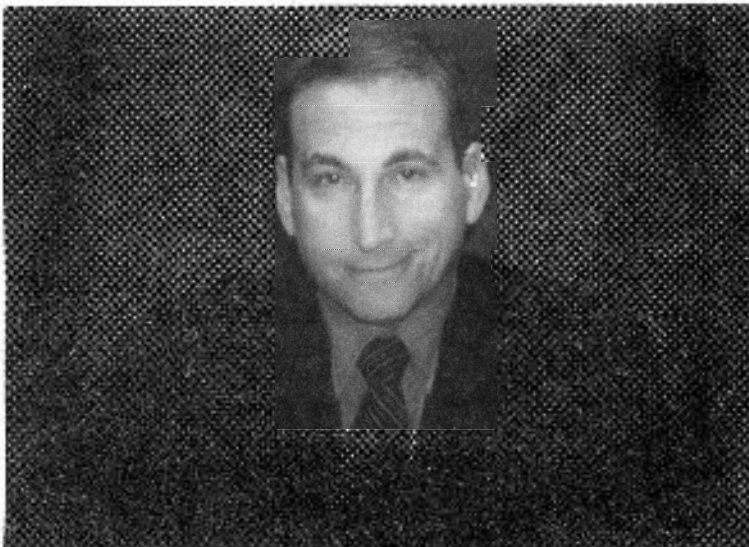
TEAMWORK

Let me quote W.C. Coleman, the founder of the Coleman Company, "No one of us is smarter than all of us." Teamwork will be critical, and the best leaders will work through teams.

Top-down authoritative leadership is dead. Leaders have to set the strategy, including business principles, and let decentralized organizations do their thing—with carefully constructed, non-intrusive controls.

I am proud to say all of my employees know more than I do about their jobs. When I start thinking I know better, my business is in trouble. I use the 70/30 rule to discipline myself: If I'm talking more than 30 percent of the time during a meeting, I know I'm not listening enough.

In an open environment, which is an intended output of the culture we try to create, it is amazing what you can learn by keeping your mouth shut.



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