



CEO LOGIC: HOW TO THINK AND ACT LIKE A CHIEF EXECUTIVE

After thirty years of working with over 1000 CEO's in eight different countries with revenue of \$35 million to \$800 million; I am frequently asked, "Is the way a CEO thinks really different than how others think?" My answer is "the good ones always think different than anyone else."

CEO'S and managers at all levels need a new and complete mastery of both the foundations of solid management thinking and the practical application of the essential business disciplines. As you complete your Leaders Laboratory experience you will have proven guiding principles and proven tactics that build the foundation and disciplines of management necessary for sustainable growth.

FOUNDATION 1: BUSINESS PHILOSOPHY

Learning to think like a CEO will improve the performance of managers at all levels. Develop a business philosophy consisting of fundamental business principles, your own personal management philosophy and your insights into a particular business opportunity. Then convert these into core operating values. Use these core operating values to guide management decisions, actions, and resource allocations. The first rule of management is to select the right business. Develop and strengthen core competencies to enhance your competitive edge. You must do something better than your competitors, and that something must result in a unique, hard-to-copy, or at least distinctive benefit to your customers. Aim at satisfying customers and employees first, with a long-term goal of achieving profits.

FOUNDATION 2: STRATEGY

The objective of business strategy is to establish a competitive edge in the marketplace that will allow a company to prosper by offering a long-term better value to its customers. The strategic process involves matching the organization's internal resources to the external market. Strategy is the logic or rationale of a business that details both goals and methods of achievement. Through the process of formulating strategy, a CEO positions his or her company for success by making choices about customers to target, markets to enter products to offer,

risks to manage, vulnerabilities to defend, customers' needs to satisfy, competencies used to fulfill those needs, and the organizational structure required to support those choices.

DISCIPLINE 1: BUSINESS OPERATIONS PLANNING

Validate strategies, allocate resources, and prepare for implementation. Project the actions required, resources needed, and results expected to carry out your strategy. Use planning to define and better understand the risks worth taking. Let management of these risks help you meet your goals. Develop formal programs to consider how you will really achieve your objectives. Use planning to determine viability, as a basis for evaluating potential solutions, and as a yardstick with which to measure future performance.

DISCIPLINE 2: PEOPLE MANAGEMENT

The strength of a business resides in the minds of its people; manage accordingly. Human concerns are always an issue. Look closely at your people. Employers usually get the employees they deserve. Provide a viable business opportunity and hire the best. The teams with the best players have the highest winning percentages. Manage people as though they will be as they have been. Modify job assignments to utilize the strengths of managers. Organize the work to make their weaknesses irrelevant to their performance. Face up to mediocrity.

DISCIPLINE 3: CAREER MANAGEMENT

No business can continue to grow and prosper without nurturing its young managers. Help new managers to know themselves, to communicate effectively, and to make ethical decisions. Teach them about the organization, the politics and the philosophy of the business, and about the many advantages of mentors. But most of all, teach them about the work required to succeed. Require new managers to take personal control of their performance and their careers. If you teach them nothing else besides ethics, teach them to *get results!*

DISCIPLINE 4: SALES

Understand the difference in sales responsibilities for CEOs, sales managers, and sales people. The CEO is responsible for every element in the marketing chain. The sales manager develops and disciplines the selling system, measures and manages sales efficiency, builds the sales team, defines the sales message, solves day-to-day problems, and motivates each salesperson toward optimum achievement. The salesperson delivers the sales message and sells. Develop a formal growth strategy and build a 'selling machine' with the horsepower to meet your volume, margin, and market-share objectives.

DISCIPLINE 5: NUMBERS

The primary task of accounting is to help operating managers make better decisions. Equally important is its role in developing sound operating controls. The representations of traditional accounting, at best, offer some slight distortion of reality. At worst, they can be huge misrepresentations of the facts. Look to the fundamentals behind the numbers to discover the real truths about your business. Teach your accountants to make the numbers reflect reality and relate to management objectives.

DISCIPLINE 6: BANKING

Bankers are often bad partners. Bankers offer one-sided deals that require you to accept 100 percent of the risk and the bank to accept none. Match your funding needs to the specific loan products offered by various lending institutions to get their money, learn their rules and present bankers with 'zero risk' opportunities.

DISCIPLINE 7: CASH MANAGEMENT

Cash is king. No cash, no company. End of story!

DISCIPLINE 8: TOUGH TIMES AND TURNAROUNDS

Survival displaces all other rules of management during tough times. Survivability depends on cash, credit, and product viability. See Discipline 7. Concentrate resources only on core opportunities. Minimize risk. Take the tried and proven path whenever possible. Radical change may be needed. Match the cure to the illness.

DISCIPLINE 9: ACQUISITIONS

Don't buy it if you can't improve it. Compare the cost and viability of expansion by acquisition to that of internal development. Remember that distinctive or unique product or service benefits must be supported by hard-to-copy core competencies. In the long run, the acquired company's defensible core competencies, its funding structure, the strength of its ongoing management team, and your alternative operating strategy (in addition to the purchase price paid) will determine the future success of your acquisition. Develop a formal acquisition plan. Focus on current cash flow and future potential. Do not overpay.

DISCIPLINE 10: LEADERSHIP

Leadership is a matter of combining trained intellect, insightful intuition, and superior character, with character being the dominant factor. The secrets to leadership are passion, motivation, ethics, courage, communication, judgment, and insight. Passion supplies the energy, motivation attracts the followers, ethics generates trust from all constituencies, and courage provides the backbone needed to make tough decisions, communication delivers the message, judgment supports good decision-making, and insight provides the capacity to select the right people, the right role for you, the right goal, and the right strategy.

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