ACCA
annual meeting 2002

Chair's Forum: The Law Department from the Perspective of the CEO

Tim Donahue
President & CEO
Nextel Communications, Inc.

Cinda A. Hallman
President & CEO
Spherion

Sara L. Hays
Senior Vice President and General Counsel
Hyatt Hotels Corporation

Lisa G. Iglesias
General Counsel, Vice President & Secretary
Spherion

Leonard J. Kennedy
Senior Vice President & General Counsel
Nextel Communications, Inc.

Robert M. Lynch
Senior Vice President and Associate General Counsel
SBC Ameritech

Scott D. Miller
President
Hyatt Hotels Corporation

Faculty Biographies

Tim Donahue

Tim Donahue is president and chief executive officer of Nextel Communications, Inc. He began his career with Nextel, over six years ago, as president and chief operating officer.

Before joining Nextel, Mr. Donahue served as northeast regional president for AT&T Wireless Services operations. Mr. Donahue started his career with AT&T Wireless Services (formerly McCaw Cellular Communications) as president for McCaw Cellular's paging division. Later, he was named McCaw Cellular's president for the US central region.

Mr. Donahue received his BA from John Carroll University.

Cinda A. Hallman

Cinda A. Hallman is president and chief executive officer of Spherion Corporation, a provider of recruitment, outsourcing, and technology solutions. She was appointed to the position following six years of active membership on Spherion's board of directors. Ms. Hallman is the architect of a business transformation designed to achieve increased predictability of revenue and earnings, continuous productivity improvements, and enhanced profitability for the company.

Prior to joining Spherion, Ms. Hallman had a distinguished 20-year career with DuPont. As senior vice president of DuPont™ global systems and processes, she led a major effort to define new business models associated with a strategic shift. As DuPont's senior vice president of functioning effectiveness and global services, Ms. Hallman developed the vision and strategy that led to the formation of the DuPont global services business. As DuPont's vice president of global information systems and chief information officer, Ms. Hallman provided the leadership and vision to first reduce costs by more than $500 million (45%) and then form DuPont's IT alliance with two of the world's leading information technology firms, Computer Sciences Corporation and Accenture®. Ms. Hallman joined DuPont's energy subsidiary, Conoco, nearly 50 years ago and held a number of positions of increasing complexity. When DuPont acquired Conoco, she assumed responsibility for consolidating computer applications for the two entities. She was later named vice president of DuPont information systems applications worldwide and, soon after, took on the added responsibility of chief information officer.

Ms. Hallman was named 1995 Chief Information Officer of the Year by *Information Week*, and her organization received the magazine's "Excellence in IS" award for the chemical industry in 1994, 1995, and 1996. Ms. Hallman received the 1996 Visionary Award from *Communication Week*, and in 1997, was recognized as one of the most influential information technology executives of the decade by *CIO Magazine*. Ms. Hallman is a board member of Bowater, Inc., United Way of America, and Christiana Health Care. She served as cochair of the Delaware IT Initiative.

Hallman received a bachelor of science degree from the University of Southern Arkansas.

Sara L. Hays

Sara L. Hays is senior vice president and general counsel from Hyatt Hotels Corporation and is responsible for providing legal counsel in all aspects of Hyatt's hospitality operations and transactions, including intellectual property matters, acquisitions, negotiation of hotel and timeshare management, venture and financing transactions, and miscellaneous legal issues relating to the management, development, and ownership of Hyatt Hotels & Resorts in the United States, Canada, and the Caribbean. Ms Hays is also a member of Hyatt's managing committee and Hyatt's strategic planning committee.

Outside of Hyatt, Ms. Hays is president of the Alumni Council of Carleton College. Additionally, she is vice president of the board of directors of the Glessner House Museum. She frequently speaks and participates in panels at legal and hospitality seminars and conferences throughout the United States. She is a member of ACCA and the ABA.

Ms. Hays received her bachelors degree from Carleton College, where she graduated magna cum laude and was elected Phi Beta Kappa. She received her JD from Northwestern University School of Law and MBA from the Kellogg School of Management.

Lisa G. Iglesias

Lisa G. Iglesias is general counsel, vice president, and secretary for Spherion Corporation, a recruitment, technology, and outsourcing company, with operations in the North America, Europe, and Asia/Pacific. In her capacity as general counsel, Ms. Iglesias is responsible for the entire legal function of the company including supervising the law department comprised of 18 personnel, including 10 attorneys.

Prior to her appointment as general counsel, Ms. Iglesias served as associate counsel for Spherion, with primary responsibility for mergers, acquisitions, and securities law. She came to Spherion from the law firm Greenberg Traurig and has a wide range of legal expertise, specializing in mergers and acquisitions and securities law. She represented clients in connection with initial and secondary public offerings of securities, as well as numerous mergers and acquisition transactions. Ms. Iglesias is licensed as a Certified Public Accountant and has previously worked as a senior tax specialist for KPMG Peat Marwick in Miami.

Ms. Iglesias serves on the Board of Directors of the American Arbitration Association. She also is a member of ACCA and the ABA.

Ms. Iglesias has a bachelor of science and a master of accountancy from the University of South Florida. She received her law degree from the University of Miami.

Leonard J. Kennedy

Leonard J. Kennedy serves as the senior vice president and general counsel of Nextel Communications, Inc.

Prior to joining Nextel, Mr. Kennedy was a member of Dow, Lohnes & Albertson, P.L.L.C. where he advised clients on telecommunications law, regulation and policy, including personal communications services, competitive local exchange, long-distance, the internet and information services. Prior to that, Mr. Kennedy served as legal advisor at the Federal Communications Commission (FCC) to Commissioner Patricia Diaz Dennis. He also served as senior legal advisor to Commissioner Ervin S. Duggan.

Mr. Kennedy is an incoming member of the board of the Appleseed Foundation and he is a member of the finance committee of the Grace Episcopal Day School.

Mr. Kennedy received a BA and JD from Cornell University.

Robert M. Lynch

Robert M. Lynch is currently senior vice president and associate general counsel for SBC Ameritech in Chicago.

He has previously served as general counsel of several subsidiaries of SBC Communications Inc, the second largest provider of local telecommunications in the United States.

He is a member of the Illinois, Texas, Missouri, and District of Columbia Bar Associations. He is a past cochairman of ACCA's Law Department Management Committee and member of ACCA's Board of Directors.

He received his undergraduate degree and law degree from St. Louis University.

Scott D. Miller

Scott D. Miller is president of Hyatt Hotels Corporation, which currently operates 125 deluxe hotels and resorts in the U.S., Canada, and the Caribbean and has long been recognized as the innovative leader in the industry. Mr. Miller's career with the company began five years ago when he joined Hyatt Development Corporation as executive vice president. During this time, he also served as a member of the managing committee, which oversees the operations of Hyatt Hotels and Resorts.

For four years prior to joining Hyatt, Mr. Miller served as president and CEO of United Infrastructure Company, a company engaged in infrastructure development, ownership, and operations throughout the world. United Infrastructure is a partnership of Bechtel Enterprise Corporation and Peter Kiewit & Sons. Before forming United Infrastructure, he worked for 14 years in the commercial real estate, development, brokerage, and management business at The John Buck Company, where he was one of the founding partners.

Mr. Miller is active in various industry and professional organizations including the corporate boards of Schindler Holdings, Ltd., Interval International, and various Hyatt affiliated corporations. He is also a board member of the University of Wisconsin at Madison CULER, in Madison, WI, the Lincoln Park Zoo board, the Steppenwolf Theater, and The Latin School of Chicago.

Mr. Miller graduated from Stanford University and received his MBA from the University of Chicago.

ACCA's 2002 Annual Meeting
Chair's Forum
Monday, October 21 – 8:30-10:00 am
Constitution Ballroom

Scenario 1:

CEO Scott Miller of Hyatt Hotels has just been given a new advertising campaign from his marketing staff that is entitled "One Low Price. One Great Weekend." The advertising text describes the package as including a luxury room, meals, amenities, parking, and "all you need for a great getaway." CEO Miller likes the ads a lot and is praising his marketing gurus when General Counsel Lisa Iglesisas arrives late to the meeting. She quickly learns that the reference to "One Low Price" does not include, among other things, alcoholic beverages consumed with meals and access to some of the facilities in the hotel's fitness center and spa. Also, there is an additional but standard surcharge placed on the customer's bill to cover amenities like newspapers in the mornings, free local calls, delivery of mail and faxes and so on. None of this is disclosed in the ads and General Counsel Iglesisas is uncomfortable about it. She now has to explain to her CEO why the ads he loves so much can't be used in their present form.

Scenario 2:

CEO Cinda Hallman of Spherion calls General Counsel Sara Hays and informs her about the CEO's desire to "help out" a company executive whose job has been eliminated and is being severed from the Corporation. The executive requested that he be treated as "employed" during the payout of his severance, as this will enable his options to continue to vest, health insurance to continue, etc. CEO Hallman wants to do this because the executive was a loyal and hardworking employee and because the costs to the Corporation would not be significant. General Counsel Hays needs to advise her CEO that the stock and health plans do not permit participation by anyone other than active employees and that the non-monetary costs to the Corporation could be significant. CEO Hallman has agreed to discuss the problems with her plan but she lets General Counsel Hays know upfront that she "really, really wants to do this."

ACCA's 2002 Annual Meeting
Chair's Forum
Monday, October 21 – 8:30-10:00 am
Constitution Ballroom

The following excerpt is reprinted with person from Warner Books and is from the book:

How to Think Like a CEO
The 22 Vital Traits You Need to Be the Person at the Top
By D.A. Benton

For additional information or how to purchase this book, please go to www. twbookmark.com

CHAPTER 6

The Mountaineer

Every climber is different, and it's important for you to understand those differences

Mountaineers are the men and women who, by whatever route, make it to the top of some mountain. They come from the ranks of hikers and climbers in the organization. Although the top climbers have the 22 Vital Traits, that doesn't mean they are all alike.

I've met CEOs who are old, young, wealthy, poor, good, not so good, experienced, inexperienced, short, tall, balding, toupee'd, gay, straight, black, Hispanic, Asian, female, male, dumb, smart, and any other category you care to list.

I've seen office decor range from a wall of bowling trophies to a roomful of Kittinger furniture with a view of mountain lakes to a view of a city skyscape. Their office manner ranges from cowboy boots on the desk to silk handkerchief in the pocket with three corners showing. Where one CEO has photos of himself with Presidents Bush and Reagan, the next one has a reply note on the corner of his desk ready to be mailed to President Clinton: "Thanks for the invitation, but I can't come. I have too much to do right now. Invite me again."

CEOs' activities on and off the job take wide swings. A rendering plant president whose back building was piled twelve feet high with euthanized kittens and puppies from the humane society goes to weekly sensitivity training seminars. Another CEO who runs his family's billion-dollar philanthropic foundation spends weekends helping the vet artificially inseminate the cows on his ranch. A manufacturing CEO who spends twelve hours on Saturday personally repotting sixteen indoor plants collects a $2 million check for some personal investments on Monday. One of the wealthiest CEOs I wrote about doesn't like to spend money on himself, so when he needs clothes his wife has to *sneak* new ones into his closet without his finding out.

Some of the CEOs I spoke with created their company and went on to corporate fame and fortune, and some on to bankruptcy. Many started all over a second and third and fourth time. Some gave up and turned to alcoholism. The last time I heard about one of them I'd met he was delivering pizzas for a living.

Some of the CEOs went to the right schools and joined the right corporations in the right jobs and had the right mentors. Some became famous. Some got fired. Some became entrepreneurs. Some went to bigger corporations. Some became consultants.

CEOs vary in so many different ways, but they will always be one of two types:

1. An entrepreneur—the soloist climber.
2. A hired professional manager—the big-wall climber.

It is extremely important for you to comprehend the different types of CEOs. Misunderstanding or not caring are two of the best ways to lose your job. But if you know the patterns:

- You can identify how to work more effectively with your CEO.
- You can decide what style you *prefer* working with to aid you in job hunting and selecting a company.
- You can better determine your own natural inclination, as well as choose the type you want to develop into.

From my formal and informal conversations with CEOs I've seen distinct patterns that separate the entrepreneurial personality from the professional. The differences are not always along a clear-cut line of demarcation, but CEOs definitely tend toward one direction or another. Both types have their own nature, their own character, their own set of strengths and corresponding weaknesses. One type is not better than the other, just necessary for different kinds of companies, their stages of growth, and their future potential, although the more substantial the enterprise the less likely the top person is entrepreneurial. The trend into the late 1990s will be a CEO who can successfully and effectively wear both hats.

Anthony O'Reilly currently does that. He is the CEO of a large public corporation in the United States, H. J. Heinz, and also an independent entrepreneur in Ireland. His Irish job description includes being chairman of an oil company and holding the controlling share of the largest newspaper publishing business in his native country. He uses the best entrepreneurial traits at Heinz and the best professional management traits in his entrepreneurial ventures (and vice versa).

Executing the entrepreneurial CEO's role is as demanding as the professional CEO's role, but in slightly different ways. For your personal growth and development, you need to be aware of the tendencies and limitations of both so you can acquire abilities in both arenas. The CEO of the future, to be competitive, has to be flexible in going from one mode of operation to another.

Entrepreneurial Types (Sometimes Called Hired Guns) as Compared to Professional Managers

The entrepreneur is an innovator. Almost like an imaginative garage tinkerer, he invents a product (as Bill Gates of Microsoft did), has a great idea, or takes on a cast-off business that others didn't see as worthwhile. The entrepreneur might have even learned the business from someone else and now wants to do it for himself.

The professional manager, on the other hand, is a perfecter. He takes what others have started, breaks former limitations, and is supposed to raise the thing to new heights. (Lou Gertsner was brought in to IBM to do that.) He is an overseer of others' creative processes.

> *Starting your own company versus being hired to run someone's company is like giving birth to a baby versus adopting one. You end up caring equally for it and giving both the same love and attention, but for one of them you were there at the conception and that's always special.*
>
> —MARK KIMMEL
> President, Paradigm Partners

The entrepreneur's personal money is often on the line. Or he secured additional financing from friends, family, banks, or venture capitalists. His subsequent compensation depends on his company's profitability and his ownership. (Down the road, if successful, he may be irked by the fact that he has to pay competitive salaries to a professional manager, someone who didn't put the same blood and sweat into the company.)

The private banking company J. P. Morgan runs advertisements appealing to the entrepreneur, with a photo of a pair of boxing gloves alongside the advertising copy: "If you're like most entrepreneurs, it hasn't been easy making it. All the more reason not to lose it."

I was meeting three New York City entrepreneurs for lunch at a very expensive "white tablecloth" Italian restaurant. In response to something said, one of them jotted an idea down on a napkin—not a paper cocktail napkin but a *cloth* dinner napkin. When he saw his friend watching, he snapped, "It's okay [to write on the cloth] based on the price I'm paying for this meal!" Because company money is, in effect, coming out of his own pocket, he expects to get more from it.

On the other hand the professional manager is more frequently well financed (from the bond or stock market or some private ownership). Although his personal money isn't on the line, his personal skin is. Normally the CEO's compensation includes stock, options, or equity, which provide some "ownership."

For example, the top executives of Campbell's Soup Company have up to 75 percent of their total compensation tied directly to performance. Only if the company meets specific goals in terms of sales, earnings, cash returns on assets, and performance related to other food companies do the executives receive any bonus. And to ensure they feel like owners of the company they have to own stock valued at three times their base salary. They risk their own money (or gain) just like other shareholders.

Anthony O'Reilly, who spends the company's money as well as his own, says he is much more risk-aversive with Heinz money than his own. He feels a fiduciary responsibility as a trustee of Heinz's assets and much more willing to take real investment risks with his own.

The entrepreneur CEO doesn't like to, can't, or won't labor and sweat for someone else. Often he got where he is with an independent, "to hell with everyone" attitude. Or an "I'll show you" and "I'm not going to take it anymore" set of personal convictions. Maybe he was fired from a professional manager situation. But there is a good chance he had a major career displacement when he deliberately (or unintentionally) royally messed up. Sometimes he's called a maverick.

The founder of Gold Bond trading stamps, Curt Carlson, explains, "The minute I was out on my own, I knew I'd found my own element."

A different entrepreneur explained it this way to me: "I would never make it in a large company. I'm too irreverent. I tend not to play the corporate game by the rules. It's incredibly painful to work in corporate America—it's a career boot camp. I learned more from working with the biggest asses. I learned what I didn't want to be like! They interact and totally demotivate people. They advance from point A to B by walking on the heads of people."

His professional manager counterpart is much more likely to be able to deal with corporate politics

and the BS. This type of CEO has to work well as the "people-skilled" organization man, i.e., one who deals with politics and relationships among constituents (employees, government, corporate executives, media, boards, and customers).

As a generality, with fewer people in his required circle to please the maverick has developed fewer people skills. He has just enough to gain an acceptable presence. (Now this isn't always true. Some entrepreneurs have very effective people skills but have simply tired of dealing with the office politics and BS.) Whereas the hired gun, with his need to deal with hordes of employees and constituents, develops people skills foremost to deal with small, medium, and large diverse groups.

Having people skills is different from being people oriented. Small companies (say under $50 million) have to be people oriented. You have to worry: Joan matters to you; Sam matters to you. All processes are people oriented. One at a time. One on one. Big company CEOs have to worry about the process. You can't possibly be interested in Joan. There are thousands of Joans. You have to develop people skills but not on an individual basis.

The entrepreneur has more latitude to play by his own rules. He is frequently stereotyped as someone who is a nonconformist, a lone ranger who circumvents the system. Usually he has more freedom to go out and try new things. And possibly fail. *But the professional manager needs to play by corporate rules.* He is frequently stereotyped as a traditionalist. Tried and true. Stable. Experienced. Mainstream. Usually he has less freedom to mess up at any level.

Roudy Roudebush owns a trail riding operation outside of Telluride, Colorado. Like all chiefs he should be a "salesman" for his organization as well as the boss. Wearing his well-used spurs, chaps, jeans, bandanna, vest, and cowboy hat, he rides his horse into various bars in town—right through the front door, high in the saddle, to the bar, and orders a beer. "The Telluride tourists go wild with excitement, and they follow me right out the door to my barn to sign up for a trail ride," he says. Entrepreneurs can get away with that. You probably wouldn't see the chief at GM drive a new model car through the bar doors of Telluride or Detroit.

The entrepreneur gets to (and often has to) rely on himself and his own judgment. He answers to himself first and foremost, at least in the early stages of his company. (It's sort of like the Frank and Ernest cartoon characters who are walking out of the boss's office saying, "If I'm going to work for an idiot, I may as well go into business for myself!") He goes into the job with no In basket. He organizes and manages the endeavor, assumes all risks, and hopes for a big return.

Strong-willed people found companies or manage companies and they'll do well . . .

> *as long as they don't fly the company into the side of the mountain.*
>
> —PAUL HOUSTON
> President, Results, Incorporated

The professional manager answers to lots more legal constituents. So he relies on planning committees and teams more. He must be aware of more business goings-on than he could possible know about personally, and he must be able to always defend decisions.

The professional manager has an In basket full and waiting for him upon his arrival. He usually ends up redoing or revamping work set in place by predecessors. New management theories get tested in this organization because they have the time, resources, and people to implement the latest trend.

> *Entrepreneurs are more interested in what are you doing to* grow *the business; professional managers are interested in what are you doing to* run *the business.*
>
> —SAM SANDERSON
> President and COO,
> Rogers Network Services

The entrepreneur thinks and acts fast. He frequently needs constant action and activity to keep his venture afloat. And he can't understand why everyone isn't as dedicated as he is. He's almost always the first one in the morning, last one out at night. As one said to me, "I wish weekends were five hours long. I could do that." A different CEO entrepreneur who went back to being a hired gun CEO explained, "I gave up sleep for six years. It was hard on me and my family." The entrepreneur usually has a small staff and therefore wears many hats. He relies on himself. An entrepreneur gets his hands dirty. He's more "in the trenches," although less so as his company grows.

The professional manager has to be an executor of well-thought-out plans. He's purposeful. Deliberate. And most important he knows to work within hierarchies despite the excess time it consumes. The hired gun generally has a large staff available to him, but a large staff often requires a large staff to support itself, thus building a lumbering machine minimizing potential for individual entrepreneurialship.

I asked a man why he left his executive position at a big public corporation to start his own. He said, "Don't quote me because of my contract with my former employer, but I left because of the bullshit, authoritative, chain of command of trying to get things done. There wasn't enough money in it *and* it didn't suit me because I didn't own it. Other than that, it was a fine life."

The entrepreneur calculates risk against what he wants to do. Results are very important. The professional manager has to be terribly careful about what he says and does; careful how he positions himself.

The professional frequently calculates risk against his employment contract. Power is very important.

Big professionally managed companies often aren't as focused on results as rhetoric suggests. They are more focused on power.

You will seldom see a soloist hired to run a big public corporation, whereas professional managers are frequently recruited to manage an entrepreneurial organization. Many times you will hear of a company whose management requirements outgrew the founder/entrepreneur's capability.

One company and the founding entrepreneur I studied started with twenty-five people in the beginning and now they are so big their offices have more bathrooms than that. When the entrepreneur needed to develop into a professional manager, his financial backers pressed him to hire a pro. (This is often the point where many entrepreneurial companies get sold and go public.)

Campbell's Soup Company was managed by professional outside executives for decades. When the son of the founder (Jack Dorrance Jr.) died, it looked like Campbell's would be bought by a food conglomerate. Instead the family reasserted its business presence with the new vice chairman, Bennett Dorrance, being the first of the entrepreneur's kin to work at the helm since 1984.

> *Entrepreneurs are not made, they are born. You can't take Entrepreneur 101. They are a sum total of their life experiences from childhood on. . . . Entrepreneurs have a fire in the belly. A company started by an entrepreneur (through acquisition of other*

companies or through a new idea) often turns to a professional manager once the ship has been built. The entrepreneur needs someone to maintain the ship and keep it dry.

—LEONARD ABRAMSON
CEO and President,
U.S. Healthcare

It's a long haul to the top of most public or private organizations. The advantage of starting your own company is that you get to the top right away! (And as the expression sometimes goes: "Entrepreneurs are self-made men who worship their creator.") Being able to stay at the top of the heap is the test for the entrepreneur as well as the professional manager.

By looking at the differences between entrepreneurs and hired guns you can see each has advantages and disadvantages in their type. The strengths of each are required at various stages of a company's growth.

Whether an individual is an entrepreneur or professional manager, the CEO has to be secure in himself, competitive, straightforward, unapologetic, a tad theatrical, and aware of his style. (Either way, entrepreneur or professional manager, he might be autocratic. Neither group holds a title on that trait!) Mistakes can ruin either type. And, of course, they don't all succeed, regardless of their soloist or big-wall climbing tendencies.

WHAT TYPE OF CEO DO YOU WORK FOR?

If your CEO is the founder or owner, an independent, plays-by-his-own-rules, fast-acting, get-in-the-trenches type—you have an entrepreneur.

If your CEO was hired to do a specific job, oversees and manages various experts, operates with other people's money, deals with corporate politics and plays by corporate rules, executes well-thought-out plans through a sizable staff—you have a professional manager.

If your CEO wants innovation and creativity, has money to invest in new projects, encourages individual thinking, prizes people skills, expects people to follow the rules, acts purposefully but with energy, professes a willingness to get his hands dirty (but doesn't really)—*you have a professional manager who wants to utilize entrepreneurial traits*.

Entrepreneurial organizations generally strive to be bigger. And bigger organizations need to be more entrepreneurial.

Knowing the CEO type you are working with and may work with in the future enables you to see what he values, what his bosses expect of him, and what he looks for in those he hires and promotes. It's your choice to decide if that's the type you want to work for, but it's *your responsibility* to find out and understand the type.

THE CEO JOB— DECISION MAKING

A CEO's job is to make decisions. (Make them wisely, of course!) But above all, make them. If you can demonstrate an ability to solve problems early on in your career you will get the nod most every time for advancement. Remember, even those who don't decide, decide.

Jim Rupp ran his own business for twenty years before he retired. "I always felt so relieved after making a decision; that's why I always made them so quickly."

Whether it is reaching a conclusion making up your mind, passing a judgment, or pronouncing a verdict, it's still a decision. People judge a chief's character, courage, and determination by his ability to come to a conclusion and get it implemented. No one is so admired as someone who can decide what needs to be done and does it. No one is as short-lived as a chief who can't make a decision.

Surprisingly there's lots of indecision in the workforce, even at the top. One ex-CEO of a consumer products company was described as one who "knew everything about everything; you couldn't bring up anything that he hadn't thought of. The person was consumed with work but couldn't make a decision." The individual who can't make a decision, can't narrow down options, and as a result of keeping options open too long has people stymied, will in time get the company stuck.

> *With the pace of technology, you really need someone to set priority, direction, and make the decision.*
>
> —LARRY KIRSHBAUM
> President, Warner Books

All day long a parade of people ask for decisions from the CEO. What to do about a new competitor's product? How to resolve a personnel policy dispute? What can be done about a key employee paralyzed with grief over the death of a spouse? Who should be promoted? You can see judgments and resolutions consume the CEO's day. Being willing and able to simply decide is the CEO's job.

> *It's just as important what decisions you don't make as those you do make as the CEO. I've discovered that some of the issues people bring to me—first, I don't need to make the decision about it, and secondly, I don't need to make it in the time frame they want it made. The CEO can get really hung up on things they shouldn't be involved in. . . . Management books preach empowerment. As the CEO, empowerment is real easy to do. But it's shocking to me that I've found a real lack of people who are wanting and willing to take on the responsibility. I*

hear, "Let us manage." I say okay. But half of them talk a better game than they play.

—BILL FAIRFIELD
CEO, Inacom

People really want to be led. We make the mistake of being incredibly polite and holding back on determination. People want direction. People want decisiveness. Individuals would rather disagree with a decision than have ongoing indecisiveness. They want to give their opinion but they want the chief to decide.

Don't let the sun set on a decision. Everyone will have input as to what you should do, some people will be angry regardless of what you choose, but you'll make a lot more people angry if you drag it out. You're going to make a choice anyway. Do it earlier rather than later.

—JACK LUNDBERG
President,
Denver Sala/Svedala Industries, Inc.

To Make Decisions:

1. *Ask and ask and ask questions*. The more information you have, generally the better the decision. Questions cut through people's emotions and opinions and get to the facts. Take nothing on assumption. Ask. Bring all data together and *listen* regardless of whether the ideas come from the youngest employee or the most senior.

Gathering all the facts minimizes a wrong resolution. Get people to explain. Give them reasons to object. Let people fight for their position.

Take the initiative to get a broad range of input.

- Ask your five most critical advisors.
- Ask someone totally unrelated—your twelve-year-old daughter's friend, for instance.
- Evaluate likely consequences to all parties involved.
- Then decide.

2. *Set a timetable.* Draw conclusions. Make recommendations. Act.

   The time to work through a complicated issue should have set limits. A wrong decision is better than no decision. You can decide to wait on a resolution. That's a decision. Needing a conclusion against the clock ensures one gets made. All sporting games have a definite set time; therefore, the game gets resolved. The same is true in the game of decision making. Even the right decision can be wrong if it's made too late.

3. *Rest with your decisions. Live with them.* Any decision will be unpopular and seem unacceptable by someone. Leave it lie. The cycle of acceptance will come around *sometime* if you maintain a pattern of seeking input, consider all facts, follow a sense of values, and keep motivation intact. If you're delegating the

> process, rest with whatever decision your people make. Don't jump down their throats and tear out their livers after they have made the decision you'd given them the responsibility of making.

Nothing is more frustrating to employees and destructive to leadership than indecision, fluctuation, and actions suspended. In all decision making you finally have to choose. What separates winners from the rest is whether you end up finding good in what you've chosen. The ability to live with a decision that could prove you either right or wrong takes confidence.

> *Hire good people. Make decisions fairly rapidly. Use their recommendations, then* don't look back. *It's over.*
>
> —DENIS BROWN
> CEO, Pinkertons

There is a myth that all chiefs are rational people, making rational decisions. Not so. You may think they study the hard facts and launch the right response every time. "I grew up thinking adult decision making was more black and white than it is," says one CEO. In fact, chiefs' decisions are often based on human emotions of greed, fear, even naivete. Even they can be a little less businessman and a little more human. "Everyone is out for themselves—including the CEO," as one executive matter-of-factly explained it to me. "He may preach 'team, empowerment, pluralism,' but if he has a chance to get a $10 million bonus the year the company takes a $50 million loss, he'll take it."

The reality is, sometimes chiefs have their minds made up before they go through the exercise of the decision-making process. Whatever the request or situation might be, the answer is always no. One CEO spelled it out: "I have a sign outside my door for everyone who comes in. It says, 'NO.' It saves me a lot of time. Fifty percent of the people won't ask, another large percent won't ask again, so it cuts my work load in half."

Be modest about your own grand decision-making ability. Maybe it is one of your better qualities; I hope so for you. But being able to make the right decision may come from some other source, such as superior marketing angles, a superior brilliance, fortunate timing, or pure luck—not from you alone.

The CEO's total existence is based around decisions: He has to anticipate them, make them, change them, argue for or against them, correct them, delegate them, and live with them. Warren Buffet says a career boils down to "a tiny handful of very well-considered decisions."

THE CEO JOB—MEETINGS

A big chunk of the CEO job is completed in meetings. His day, on an hourly basis, is filled with meetings. He meets in person and on the telephone with staff, customers, investors, board members, reporters, friends, relatives of friends, peers, politicians, potential politicians, community leaders, salespeople, vendors, job candidates, competitors, and a few others.

Effective chiefs run productive meetings. Too often people don't just run bad meetings, they run awful meetings. Yet at great expense in money and time they continue to have them.

A lot more people have the power to run meetings than ability to run good meetings. People frequently aren't organized, can't shut up, or can't diplomatically shut others up.

Here's a list of productive meetings "dos" that I developed after interviewing CEOs whose daily success depends on effective meetings.

1. *Have fewer meetings.* Get together for very important reasons only: to identify a problem, solve a problem, or dispense information to a group. Do away with a meeting if the only reason to have it is that it's Monday morning, unless it's an informal gathering to simply stay in touch with the troops. Don't let meetings become the work.

2. *Prepare, so you can focus.* Use an agenda as the tool to keep focused on the issues to be dealt with. Send out an agenda in advance if possible. Have an answer for the questions: Why are we here? What do we want to accomplish?
3. *Keep the number of people at the meeting as small as possible* while still including everyone that needs to be there. A meeting becomes more complex with more people. It also consumes more of everyone's time just because they physically are in the room.
4. *Decide who will run the meeting in advance* and how others will get feedback from the meeting. Free form may be good for brainstorming, but not for dispensing information. Structured may be too burdensome for spontaneous staff update meetings. Preparation (and following these guidelines) does not diminish spontaneity. People prefer prepared.
5. *Physically set up the meeting.* Arrange the configuration of the room, where various people should sit to enhance the meeting objective. If the meeting is in the chief's office with the boss behind his desk, it will be more intimidating. It might be more effective to go to another person's office, a board room, or a totally neutral place (a restaurant, for example) or even someone's home.

   One CEO's setup for his meetings includes a way of getting out of them: "I have a standing arrangement with my secretary. Forty-five minutes into every meeting she comes in and hands me a piece of paper. Sometimes it's blank. But I look at it, excuse myself, and leave."

6. *Consider the time of day* when people are in attendance, emotionally and intellectually. If you're going to "come down" on people, do it at the end of the day when they can go home and think about it. If you're going to praise them, do it first thing in the morning so they are in a good mood all day.
7. *Deal with difficult issues first*. Present key ideas and keep coming back to them. Stay on track. Be flexible as new directions come up but don't let someone's pet peeves dominate. Survey, establish criteria, and set task teams to get things done. If necessary, set a time limit to spend on each and stick to the limit. Tap a glass of water to give warning that two minutes are left. Most decisions get made under the gun. People get so wrapped up in what they are talking about sometimes they don't want to stop. You must stop them sometimes.
8. *Use humor.* A serious discussion can be equally effective if an attitude of good cheer is maintained. Humor relaxes people and eases candid communication. Although one CEO wasn't laughing when he told me, "I've stopped having meetings. I just write a memo that says, 'Do this my way.'"
9. *Make the meeting quick*; don't let it drag. One CEO likes to come into the meeting at the very last minute with a frenetic pace "to get the people pumped and keep up a good pace to get it over with."

10. *Rehearse.* Some meetings hold more significance than others because of the issues or the attendees. For example, if the meeting involves people from the outside that are forming an impression of your company, it's probably very important. Rehearse your ideas, your pitch, and the answers to possible questions and objections when you need to do all you can to control the outcome.
11. *Ending meetings.* To keep the meeting on track set ground rules for ending it. Don't let yourself or others digress. "Let's get back to the issue" can be said as many times as necessary. Control the meeting hangers-on by controlling the "meeting closing ritual." Instead of clipping your fingernails, tapping your toes, or repeatedly glancing at your watch,
    - make a decision,
    - hand out assignments and deadlines,
    - stand up,
    - or provide a concluding line:
      "The idea is good; let me think about it."
      "Can you think of anything else I can do to help you? I have to do———now."
      "Are there any other problems I should be aware of? We need to wrap this up."
      "I need to get back to my desk."

One CEO told me, "I simply don't discuss further. I direct them even if sometimes it is a nothing thing, but just to get them on their way. Otherwise, you get

THE CEO JOB—SELLING

The CEO's job is to sell *all the time*. He has to sell change, sell his ideas, sell his vision and strategic plan, sell his image. The CEO has to sell to his board, his employees, his customers, the public, the bankers, and the media. The top person in the company has to be the top salesman. Everything starts with the sale.

You may think people try to sell the CEO but mostly it is the CEO trying to sell people on his ideas, direction, decisions, goals, vision, support, or anything else he wants or needs. Everyone in life "sells." A big part of the chief's job is to sell as well. It is his responsibility to make known to the whole group how he thinks, his perspective on what the future holds, and how he wants to rise up to meet it—that takes constant and effective selling.

> *Although I don't have sales responsibility most of my time is spent in sales and marketing. I'm in direct contact with the customer; my ear is to the ground, listening to what's going on. We have to convince people our product and service is better than our competition's. To do that I listen to their concerns and needs.*
>
> —BILL BLOUNT
> President, Power Motive Corporation

The higher you go, the more you have to sell yourself and your ideas upward and downward. If you have a negative attitude about selling, you'll not advance very far very fast. Selling is not arm-twisting, swindling, or glad-handing.

Selling is marketing yourself, your ideas, your work, your organization constantly. You don't do it just when you hold a "salesperson" title. The new CEO of Norwest Corp., Richard Kovacevich, says, "Hey, this is all about selling, about going out and convincing." Selling might mean giving a Mustang to the founder of Honda, Soichiro Honda, as Lee Iacocca did when negotiating for three hundred thousand front-drive power trains for his minivan. It might mean talking to the CEO's wife when her husband is considering purchasing a company plane, as Bob Cooper, executive vice president of Gulfstream, knows: "Wives are behind the CEO's decisions on a lot of things."

Selling is simply giving them what they want in a way it will work for you and them. There isn't one way to do it. In fact, your first way of presenting something probably won't be the way it finally gets accepted, but you keep at it. No matter how well you have done before or how well you're doing now, keep selling yourself, your ideas, your work, your organization, and anything else that is necessary.

Don't think you can do soft, fuzzy selling. You need hard-core, purposeful, directed, goal-achieving selling, which by the way doesn't mean arm-twisting à la encyclopedia sales. From my discussions with CEOs I learned how they sell both subtly and not so subtly. Following is a compilation of what the best do.

To sell to people:

1. Find out what people think they want by asking questions.
   - What do you want to achieve?
   - What do you hope to gain?
   - What are you unhappy with?
   - What do you want to avoid?
2. Find out what they will pay for what they want by asking questions.
   - How have you budgeted for this?
   - What do you hope to pay?
   - Who has authority to approve this?
3. Offer what they want as long as you can provide it.
4. Ask them to buy.
   - Will you give me your okay?
5. Methodically repeat the above process as often as necessary.

A chief sells outside and inside his organization. Internally people may "pay" with support, time, energy, resources rather than money per se. And buying may mean "buy into," but the concept is the same whether selling internally or externally.

Now you may ask, "What if they want something I don't have to offer?" That's where your tenacity, creativity, and resourcefulness come in. You may need to ask better and different questions. You may have to adjust your timing, your attitude, your approach. Or the alternative is to give up and walk away. Many do. But those people don't become the chief.

"When I give a 'no' answer, it's not necessarily 'no,'" one chief explained to me. "I'm not always right with that answer. But if the person who wants a 'yes' gives up and doesn't come back at me, I assume that I was right. I usually say 'no' in a negotiable tone of voice, which leaves the door open for them to come back if they have the courage and tenacity."

A chief's selling and negotiating are pretty interchangeable terms. He has to achieve a workable balance between what *he* wants and *they* want. He does that by questioning, listening, *hearing*, and questioning more.

A client told me this story about a company president who was talking to a potential investor during lunch. The investor had thrown out several dollar figures—$100K, $250K, and $500K. But the president hadn't received any commitment through the meal. The waiter came to offer dessert. They decided to split a piece of cheesecake. The president reached to split the piece between them. He needed to get a commitment. So he took the knife and, indicating the portion he would give the investor, placed the knife on a sliver-width and asked, "Will you go the $100K? . . ." Then, moving the knife to the middle of the piece: "Or $200K? . . ." Finally, moving the knife to just a sliver size for himself he asked, "Or the $500K?" The investor watched his piece of cheesecake get bigger with the $500K and with that jumped in and said, "$500K."

Sometimes people think selling and negotiation is a game of bait and switch where you come at people in an oblique way. They *think negotiation is talking about issue one, two, three, when really four is what you are interested in. It isn't. Selling is simply getting things done.*

—DAVID M. HOLLAND
Retired Senior Vice President,
DSC Communications

THE CEO JOB—OVERSEEING OPERATIONS

The CEO job written about most frequently in the pages of *Forbes* and *Fortune* is the ability to run the operations of a business and earn profits for the organization. As Joel Schleicher, COO of Nextel, told me, "Every business has well-known ways of making money. There aren't any big secrets. The differential between those CEOs who profit and those who don't is *how well* they do the known things."

The CEO operations job is rather like a NFL game. All of the professional teams have the same numbers of players on the field, all have the same field dimensions, rules, and regulations, and all teams have the same amount of time to execute the game. They also have comparably talented players with each team getting a shot at the better ones every season via the draft system. Yet only two teams out of twenty-six candidates get to compete in the Super Bowl! The difference between the winners and the also-rans is the leadership of the coach—the team CEO!

> *I don't think just about how to grow the business and to create new opportunities. I think about how to manage my owners to ensure that they remain supportive of our business whether or not this month's results are positive. I review many reports and analyze information to understand if we are executing excellently. I think about creating a company that does good things for people and gives its employees a fair opportunity to prosper. I think about how to make it fun and rewarding for everyone involved with our company—employees, customers, suppliers, the media. And despite the bumps and bruises of daily business life, I constantly wish to create something unique while remaining focused, on a daily basis, on "the numbers."*
>
> —STEVE SILK
> President and CEO,
> The Estee Corporation

The CEO's job is to make sure the resources are in place for the core business. Products and services are the heart and soul that enable the company to stay in business. The CEO puts all the core competencies together: design, engineering, supplies, products, labor, plants, marketing, sales, and distribution through his people. His generalist skills kick in here to be able to manage functions he's not a specialist in.

> *I was practical, had common sense, involved with people. I always knew enough about everything versus a lot about any one thing . . . and the ability to motivate the team to make decisions.*
>
> —RICK HOLLEY
> President and CEO,
> Plum Creek Timber Company

CEOs work to create a coalition among the different specialists or teams of people. But the key job is still to run the whole operation. One CEO who had tried and failed to pass responsibility down the line told me, "I thought I was mentally ill. I wanted to go to a therapist to learn to be a team player."

Team input and team execution are important. But team decisions can also cripple a company. If a CEO is not managing the process, it goes nowhere.

A major flaw of the concept of teamwork: Everyone assumes someone else will do the work—because it's the *team* work. It doesn't always get done, and what does get done takes too long. Sometimes teams are formed so more people can share the credit (or blame) with the one who does the work. The chief's job is to make sure what needs to be done *is* being done by whoever should be doing it.

Part of overseeing operations is introducing change to accommodate employee problems and subsequent progress. There are three basic reasons good CEOs constantly come forth with new directives:

1. The old way isn't working.
2. It's expected of them.
3. They need to plan for the future.

As one CEO put it, "My job is to decide what we will be when we grow up." That's why every six months you read about a new management trend. One year chiefs are trying to "right-side-up" the organization and next year "upside-down" it. Then they take the company from a centralized system to a decentralized, and within a few years it's back to centralized. And each cycle carries new labels or catchy titles for the change.

Barbara Thomas, president of Pillsbury Canada Ltd., told me, "As the boss my job is to get people to tell me what's going on. But I always have my own projects going in addition to supervising others. Therefore I don't get isolated in an ivory tower and tell others they are accountable when I am not accountable for some specific project." Carrying out the company mission is also a CEO job.

But while the CEO oversees operations on a big scale, he has to make sure employees see where they play a part on an individual scale. The CEO might need to literally sit down with them and say, "Let me see if I can be more clear about where we're going."

The near-perfect CEO wants people to be able to carry the message around (figuratively if not literally) on a wallet-sized card stating the following:

- the business objective,
- how they personally gain or lose if the objective isn't met,
- how they personally contribute.

Some employees will complain about the CEO's operations regardless of efforts to involve everyone. The CEO job is to take and hear those complaints from his various specialists.

The "Pyramid of Crud," as Hal Krause, CEO of Crestcom International, puts it, is part of the CEO's job. "Everything that can't get taken care of is shoved up to the next level where it all accumulates in the CEO's lap. It's very important the CEO keeps a good attitude so he doesn't think the whole world is crud."

THE CEO JOB—PROFITS

An obvious requirement for the CEO job is earnings and profits. That's what enables the CEO to keep his job and the company to stay in business, grow the business, pay salaries, make investments, acquire other companies, pay taxes, and keep the enterprise going.

A CEO develops, implements, and follows up on plans for boosting profits and adding value to the bottom line. He deals with declining sales, rising costs, obtaining financing, warding off bankruptcy, cutting overhead, automation, and so on. Outside complications pop up from government regulations, health insurance costs, family leave, or litigation.

Every quarter is analyzed for the numbers side of the business. Are earnings rising faster or slower than sales? Is the worldwide unit sales volume up or down? Are gains being diluted overseas because of unit sales declines in North America? Are profitability gains lifting and gross margins going to raise profit margins for this year over last? How much will even one point profit margin increase price per share? How to explain that inventory adjustments are the cause for the sharp slippage in volume? What do we do next about our 24.3 percent share of the market compared to our biggest competitor who is at 36 percent? What costs can be whittled away? Do the gross margins allow for more advertising and promotion to increase the value of our company? How much of the capital spending budget goes into investments to reduce costs? How much revenue savings will occur through cost reductions? CEO bonuses often depend on delivering a good return on their capital spending; how does that affect some decisions? What could be some new high margin products to come up with? Should a parallel product company be acquired? How to decrease debt ratio? Should we borrow, do a stock swap to acquire? Should we sell an operation to raise cash?

Well, you get the picture. The operations/profit side of a CEO's job is rather complicated. That's why he needs good people around him. That's why he has to be a good leader to *keep* good people.

Earning profits and deciding what to do with them is another factor that separates the successful CEO from those not so successful.

The CEO can utilize profits in different ways:

- "wear them" on the company building, facilities, equipment, decorations, brochures, etc.,
- share them by supporting public causes,
- hoard them to build net worth,
- spend them shamelessly on extravagances up and down the line (usually so more *up*—for a fleet of corporate jets, executive retreats, etc.),
- invest them in other businesses, product expansion, the stock market,
- gamble them on untested investments,
- use them to pay the company bills, keep the operation afloat, and for employee development.

Too much profit can make companies soft; it has been known to corrupt, and to ruin empires. When profits are low, the CEO can motivate with the hope of future prosperity. Adversity makes strong teams. When profits are high, the CEO's work is to prepare for adversity. A chief is never tested more than at times of excessive good fortune. Employees are more difficult to manage and less cooperative at work during good times. The CEO's job is easier if he has to endure continued hard times rather than continued prosperous times. The CEO, the employees, the products, and the organization seldom get better during good times.

Every company and every chief experiences cycles of success and setback. Some experiences are less visible, less public, less costly, but they are there. The CEO's job is to manage through those cycles, the ups and downs in the dollar, marketplace, or the country. It is no different for anyone. They all have a comparable size field, regulations, and talented players. The rules are the same. The difference is *how* they play.

WHO BOSSES THE BOSS?

> *CEOs have less freedom, are more controlled, are more closely measured, watched, and looked over than anyone else in the company. They are truly under a microscope.*
>
> —BILL FRANK
> President, Careerlab

There is some satisfaction in knowing even the boss gets bossed. Right?

Virtually no one else in the company has to deal with all the factors that the CEO does. He is responsible to groups inside and outside of the company. He must fulfill their needs, meet their demands, understand their perspective, serve their interests, and still meet long-term and short-term business objectives.

If you think you have a lot of people to please, consider the CEO, he has *lots* of constituents to please:

- customers,
- employees,
- board of directors,
- shareholders,
- corporate CEO,
- bankers or Wall Street,
- government,
- media,
- family,
- public.

Satisfying constituents is the key to longevity for a CEO and his company. It's also vital for the CEO's reputation inside and outside the organization. Every relationship is unique. But each stockholder needs to feel the CEO is

- comfortable in himself,
- confident in his decisions,
- secure in what he's doing,
- keeping advised of issues from constituents,
- availing himself of advice from his constituents.

Customers. The number-one constituent to answer to is the customer. The customer (or client) is the reason the business exists. It's so basic and important yet so easily forgotten and replaced with "the business of business."

> *Spend the travel time to get to know the business and your people. Don't spend a lot of time in the office. Don't spend a lot of*

> *time at home. Travel and* talk with customers. *That's the CEO's job.*
>
> —DENIS BROWN
> CEO, Pinkertons

Michael Bloomberg, whose estimated net worth is $500 million in the financial news business, doesn't have a secretary, partly because "it impedes access to clients and customers."

One of the corporate sayings of Mars Candy is "The customer is our boss."

But the CEO is usually the furthest from direct customer contact.

Good CEOs make a concerted effort to spend time with the customer face-to-face. Some regularly supply (and subsequently read) feedback surveys to check how the company is doing, whether it's one-on-one, on the phone, or on paper. If the CEO loses touch with customers' happiness the company will *not* survive.

The CEO must satisfy the customer constituent.

Employees. One of the most important constituents to the CEO is his own employees. They generally think of trying to please the boss, but in fact the boss has to please his employees as well. Employees feel the top guy has more control than he does. In truth, subordinates have tremendous power over the boss: they can do or not do what he wants. They can make or break his objectives and goals and ultimately the company.

> *I don't worry about the competition. I worry about someone on my payroll.*
>
> —Leonard Abramson
> CEO and President,
> U.S. Healthcare

If the CEO's people don't like him or don't trust him they can undermine in subtle and not-so-subtle ways: lack enthusiasm for projects, mistreat customers, and let the entire process down. Steve Cornforth, a partner at Price Waterhouse, told me, "Employees say to themselves, 'I can tell if the CEO cares about me. I can tell in his voice and see it in his eyes.' Then they decide, 'I won't go the extra yard for him. I won't work enthusiastically.' While they secretly hope he will be replaced soon."

The CEO must effectively lead, guide, and motivate the employee constituent.

Board of Directors. The BOD sits in judgment of management and specifically the CEO. If performance is inadequate they are supposed to do something about it. The board has committees on audits, regulatory groups, compensation, profit sharing, strategy, marketing—things shareholders don't want executive officers doing unilaterally. Committees review and stay in touch with issues. Theoretically they represent the interest of the owners. The CEO is legally answerable to the board and morally answerable to everybody else.

Traditionally boards of directors haven't been very strong. That's changing. They are getting embarrassed. They look silly when CEOs they support head huge losses, mismanage finances, stock prices plummet, and confidence is lost.

Although board members represent constituents, specifically the shareholders, they frequently serve at the pleasure of the COB who is often the CEO.

Board members get paid director fees. The COB can *raise* director fees. Directors want to keep their seat of power. They get attention lavished on them. They get to go on fun travel junkets—golfing at top resorts, jetting off to Wyoming dude ranches, meeting celebrities, etc.

To be a BOD member you have to have some specific expertise, be a celebrity (head of state, politician, astronaut, actor), be a CEO, president, senior executive officer, or be a pal of the chairman of the board (COB) or CEO. The current chief's predecessor usually is on the board, a fellow company senior executive, sometimes a family member, if the company has professional management such as Campbell's Soup's, and sometimes big shareholders. Rumor had it that the CEO of Seagrams, Edgar Bronfman Jr., wanted a seat on Time Warner's board. He also wanted to increase his stake of stock ownership to 20 percent without triggering an antitakeover provision. In exchange for his seat he stopped what appeared to some to be an attempt at a hostile takeover.

Shareholders. Shareholders are individual investors (you and me) and institutional investors (pension funds, mutual funds, insurance companies). The latter are called super-shareholders and currently own over 50 percent of corporate America. In entrepreneurial ventures stakeholders may be venture capital firms, friends, family, and/or banks.

The idea of shareholders is to give people (investors) a reason to give the company money (investment/purchase stocks) while the company gives them some reward (dividends) that is worth their risk in giving their money to the company.

A shareholder's key interest is price per share. For example, a share of Nike cost $3.30 in 1984. By 1992 it was worth $90.30 per share. In 1993 it dropped to $43 because of customer trends: athletic shoes were out and leather "grunge" workboots were in. That same trend caused Timberland's shares to go from $9 to $85 in 1993.

The investor and Wall Street "boss" is huge and complex. An example of the power of this constituent was when Wall Street didn't like the approach the founders of Ben & Jerry's were using to recruit a new president. Remember the essay competition on "Why I want to be the president of Ben & Jerry's"? The ice-cream company's stock, which had started at $5 a share and had gone to $300, was devalued to $150 until a more orthodox approach to recruiting a president was found. The retainer search firm, Russel Reynolds, was hired to find the new president. Stock values shot back up.

The spring is the general time for annual shareholder meetings. With powerful funds and personalities the event can turn quite raucous with individuals taking the microphone, questioning, challenging, attacking the CEO and the board. It's the chief executive's "annual interaction" with the people who own his company. CEOs rehearse their slides and polish their scripts, buy new suits, and hire consultants to evaluate their performance. Some meetings are broadcast by closed-circuit television to other parts of the country.

In past times the meeting was significant to keep shareholders abreast of corporate decisions. Today, with detailed information accessible to shareholders via technology, annual meetings hold few surprises for shareholders.

Shareholders are hoping for a high return on their investment. They are more interested in the CEO's financial acumen than his leadership style. They can be assuaged only so long by the charismatic CEO if he doesn't produce.

Bankers. Another significant boss is the financing company. For a private company that might mean bankers and venture capitalists. Frequently the bank president will sit on the board becoming a double constituent. CEOs tell me bankers are the most difficult group to please. They are often physically close in proximity, close to the community, and close to customer rumblings. And bankers have the deserved reputation for being conservative, which is often counter to the risk-taking founder or head of a private company.

"My bankers are coming tomorrow. They are sending over two young MBAs. I need to entertain them. And want to learn under what conditions they'll continue to be nice. I know one thing, their arrangement of a boot in my neck won't be satisfactory," says an entrepreneur who despite his strong words still gets dictated to by his banker.

Venture capitalists are private for-profit lenders, usually to risky new businesses where the venture capitalist in turn receives a piece of the company ownership. Less than 10 percent of new companies get funding from venture capitalists.

A CEO needs to be able to talk influence and get confidence from the "banker" constituent.

Corporate CEO. I believe you've come to understand everyone has a boss. Even the top mountaineer in your organization has a master. In the case of the CEO, he has many masters. Just as you have a boss, they have a boss. If the company you work with is a part of a larger company, your CEO has a corporate boss. For example the CEO of Lever Brothers has a twenty-person board that reports to a three-man special committee at Unilever. Loews Corporation has two co-chiefs. With every addition of a layer above there often comes additional shareholders, employees, customers, government regulations, and so forth.

Lots of times the CEO is better known than the person who recruited him and bosses him. Such is the case of Bob Magness, who found John Malone to run Tele-Communications, Inc., the largest cable operator in the country. Malone is the person Vice President Gore calls the Darth Vader of the cable industry. With Malone at the helm, he takes the flak for the changes in the cable industry while also getting notoriety. Meanwhile Magness, Malone's boss and founder of Tele-Communications, holds shares of stock recently valued at $1.2 billion and far fewer people know his name.

The corporate boss is a major constituent the CEO must please.

Government. The government constituent takes on many forms. Some companies try to avoid extra attention from the regulatory agencies, like the FDA for example.

Many CEOs feel, with frustration, that business is governed not to make money but to provide a social institution for government legislation. The government is a constituent not to be ignored. It has resources, time, legislation, and the threat of holding new legislation and regulatory compliances over corporations. A CEO has to steer clear of potential problems, respond to agencies' inquiries, keep them informed to varying degrees. They are one constituent who doesn't care if the CEO is a good leader or makes money; their concern is that he stays within their guidelines.

Gas, electrical, airline, cable, telephone, insurance, and transportation companies have regulatory agencies to deal with. Any time a rate change, service addition, or deletion is requested it needs to be approved by that constituent. Questions can be leveled at any time by the regulator. Employees, customers, and almost anyone else can file a complaint with the regulatory agency and the company has to answer those complaints.

A CEO has to comply with government constituents and their regulations.

Media. You think of the top boss as having power. They hire and fire. They sign paychecks. They tell employees what to do where and when. That's power inside an organization to a limited group. The media has *real* power, destructive and constructive power. They can make or break an individual executive or a company with a few words in print or a few seconds on the air.

Only a foolish, arrogant CEO dismisses the media as a constituent. Good CEOs do not necessarily act on the media's behalf but they do consider the effect as seen through the eyes of the media before they act. Their public affairs, public relations, crisis management, and legal advisor teams plan how, what, and when new information is presented for the press exposure.

Many times CEOs have bitterly complained about dealing with the media. The complaints range from invasion of privacy, to Geraldo-type sensationalized attacks, to simply being misquoted. As in dealing with all constituents, the CEO has to look upon the media as just one more customer.

Public. Some companies get more public attention than others. Public attention translates into becoming a constituent for the CEO.

Hospitals, for example, are widely regarded as rife with public scrutiny even though they might be a private, profit-making operation similar to the local furniture manufacturer. Legally the hospital has the same responsibility to the public as the manufacturer, but from the public perspective the responsibility is quite different.

The CEO needs to be constantly in touch with the public as a constituent because the public makes up the employees and customers.

The CEO is not ruler of his domain. He has *many* different interests to satisfy daily. As one CEO pleaded, "I wish they'd understand I'm doing the best I know how. I'm trying to serve them well, to serve their interest. I'll inadvertently irritate them. I'll make mistakes. It would be nice if they accepted it isn't always on purpose that I make them."

Despite this long list of constituents, the toughest person on most CEOs is the CEO himself. Most will say, above all, they work to please themselves. Few will be satisfied if the world is happy about their work unless they are happy too.

> *CEOs work for themselves, they judge self, set standards, change standards, elevate standards. It's very difficult to be satisfied because you're always redefining success. You therefore must enjoy the process because you spend so little time at any pinnacle.*
>
> *The CEO's toughest critic is himself. Every success puts the person in the position of what will he do as an encore. If he fails, it's awful. A lot of people glory in it—those who'd never risk themselves.*
>
> —DAVE POWELSON
> COB, CEO, and President,
> TRI-R Systems