Perspectives

Assuming Leadership: The First 100 Days

The Boston Consulting Group

Assuming Leadership: The First 100 Days

> *During his first 100 days in office, President Franklin D. Roosevelt "sent 15 messages to Congress, guided 15 major laws to enactment, delivered 10 speeches, held press conferences and cabinet meetings twice a week, conducted talks with foreign heads of state, sponsored an international conference, made all the major decisions in domestic and foreign policy, and never displayed fright or panic and rarely even bad temper."*
>
> —Arthur M. Schlesinger Jr.,
> *The Age of Roosevelt:*
> *The Coming of the New Deal*

Most of our readers will step into a new job at some point in the next five years. Many will be recruited or promoted to the top post in their companies. Their performance during their first 100 days in office will be crucial: friends and foes alike will be watching for signs of long-term success or failure. To come even close to filling FDR's shoes today, leaders will need to be highly visible, pragmatically optimistic, action oriented, and willing to listen to others' views.

We asked 20 CEOs to tell us about their first months in office: what they intended to do, what they did, what they regretted doing, and what they regretted not doing. We heard some good stories and received a lot of practical advice, such as

- "Diagnose first, decide second."
- "Follow your instincts."
- "Take notes, then prioritize and act."
- "Understand that as the head person, you have only three topics: people, strategy, and values. Everything else is secondary."
- "Pick a kitchen cabinet of people you trust and use them for problem solving."

Then we asked the CEOs to consider their own advice and come up with the agenda they would follow if they could start over in their jobs today. Ten actions were consistently mentioned.

1. Assess the company's leadership team and complete your initial round of changes within the first 30 days. No group is likely to have a greater impact on the business than the team of direct reports that you put together. When forming that team, it makes sense to add a few trustworthy outsiders who will be able to help change the culture and create a sense of urgency. But don't discount old-timers. They carry the memory of the company, have years of experience, and are usually more interested in the business than in their own careers.

To choose the right people, you need to do some research and then be willing to act on your intuition. Review each candidate's record with the head of human resources, look at the data on his or her performance, and hold personal interviews with the most promising players in order to develop a sense of whom you can rely on. Your assessment should include the basics of strategy: Do they understand market turns, competitive vulnerability, and cost opportunities? What additional skills will they need and how quickly can they acquire them? The countdown to the end of the honeymoon period begins with the announcement of your appointment in the *Wall Street Journal*.

2. Communicate your vision of a better company and make sure employees understand how you will get there. It may be too early for specific details about your plans, but you should convey the basic values that will serve as your framework for making future decisions. Employees need to understand that you are sincere and competent. Answer questions honestly and don't promise miracles. This is also the time to be clear about your management style—how you will treat others and how they should treat you. Doing so will save everyone from wasting valuable energy trying to figure out how to please you.

3. Meet ten salespeople on the frontline and ask them what the company should be doing. Opening up the chain of command will introduce new sources of intelligence. Frontline people know the business inside and out. They hear all of the customers' complaints, know where all of the quality problems are, and are often able to predict a downward trend before the financial people can. Ask the salespeople what you can do to make their working lives better and what parts of their work give them satisfaction and need to be preserved. Honest engagement now can set the stage for receiving valuable information for years to come.

4. Meet with ten major customers for an outside-in view of the business. Customer meetings are an invaluable means of gathering anecdotal information about current performance, business trajectories, and any indirect competition that may be out there. Furthermore, bringing your senior people together with the senior people in your customers' companies can help forge strong bonds. Listen carefully, receive the feedback graciously, and be sure to act on valuable ideas.

5. Pay attention to personal habits. Imagine yourself projected on a 50-foot screen by a video camera. Every move you make as a leader will be subject to discussion and interpretation. That includes how early you arrive for work, how you relate to people in the hallway, how you allocate your time, and how thoroughly you prepare for meetings. This is a good time to signal the strength of your commitment by identifying one or two aspects of the company culture that you want to change and then changing them quickly. But beware of setting precedents in solving problems today that limit your range of options for finding solutions tomorrow.

6. In a turnaround situation, stop all discretionary spending until you have determined your business priorities. Cash is still king. It is critical to husband resources for major initiatives. If a business isn't performing well, you should rethink all of it—including advertising, new-product development, and the need for major operational changes. Every organization's budget supports a number of items that can be reduced or eliminated at no risk. Too often, the most important projects lack sufficient resources because money is being spent on less worthy causes. Create a shortlist of priorities and make sure they are well funded and carefully tracked.

7. Learn how the business creates profitability: understand leverage points and develop simple reporting metrics. Figuring out where the money comes from and where it goes can be quite difficult. And given the close scrutiny executives are subjected to today, it will be necessary to know all of the company's revenue-recognition policies. CEOs often delegate this task to the CFO. That can be a big mistake. A firsthand understanding of how the revenue side of the business works will help uncover hidden short-term upsides or squirreled-away reserves. It will also help identify the key indicators that employees and management look for in assessing the business. There are profit engines inside every organization—find yours and accelerate their growth.

8. Understand the problems that reside on the balance sheet and communicate them early. You get one chance to erase the mistakes of your predecessors. Identify and deal with these legacy issues immediately. Unpleasant surprises—obsolete inventory, insufficient warranty reserves, excessive goodwill, unresolved customer disputes, and festering litigation—have a way of hiding behind the numbers. Critical off-balance-sheet commitments also need to be understood, including promises made by the previous management team. A good rule of thumb is to expose everything and devise conservative principles for the future.

9. Develop the ability to detect hidden threats and opportunities. Apply Band-Aids where necessary. Keep a running list of quick hits. Quick hits might include running more profitable product promotions, negotiating an expanded agreement with a key customer, curtailing new-product development in weak categories, and launching a comprehensive productivity initiative to match a competitor's lower costs. But don't fall into the trap of trying to fix every problem in an attempt to show you are in charge. You will become so bogged down in operational details that you will lose sight of the big picture.

10. Manage the expectations of your board of directors by crafting a master plan for all of your communications and making sure the leadership team follows it consistently. "Managing upward" can be the most important part of the job. Learn to set expectations that you can exceed when the time comes. Keep everyone informed about risks and what is being done to avoid them. And make sure the management team speaks with one set of facts and conclusions.

Fair or not, leaders of companies (as well as countries) are closely scrutinized during their first 100 days in office. A successful first quarter not only promises more to come, it can also help further your goals, because everyone wants to back a winner. A strong report card during the first 100 days can set the tone for the next 1,000.

Patrick Ducasse
Tom Lutz

Patrick Ducasse is a vice president and director in the Paris office of The Boston Consulting Group. Tom Lutz is a vice president and director in the firm's Dallas office.

You may contact the authors by e-mail at:
ducasse.patrick@bcg.com
lutz.tom@bcg.com

The Boston Consulting Group

Amsterdam
Athens
Atlanta
Auckland
Bangkok
Barcelona
Beijing
Berlin
Boston
Brussels
Budapest
Buenos Aires
Chicago
Cologne
Copenhagen
Dallas
Düsseldorf
Frankfurt
Hamburg
Helsinki
Hong Kong
Istanbul
Jakarta
Kuala Lumpur
Lisbon
London
Los Angeles
Madrid
Melbourne
Mexico City
Milan
Monterrey
Moscow
Mumbai
Munich
New Delhi
New York
Oslo
Paris
Rome
San Francisco
São Paulo
Seoul
Shanghai
Singapore
Stockholm
Stuttgart
Sydney
Tokyo
Toronto
Vienna
Warsaw
Washington
Zürich

BCG

www.bcg.com

1/03 #401