Executive Behavior

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Typically when an employee receives a promotion, especially one in which both the *scope and scale* change, it requires the employee to make a step-wise change in how the job is approached. The employee is not simply expected to incrementally do "more of the same", but a paradigm shift in how the work is approached is required. These promotions are typically followed by a period of disorientation, and often even *decreased* productivity, as the promoted employee struggles to get new "land legs". Successful promotions are usually accompanied by a period of reflection, analysis and recalibration, not just increased hours or activity. In fact, if the newly promoted employee does not develop new and different work practices (e.g. delegation, planning, accountability, oversight, etc.) they will follow in the steps of the Peter Principle and fail or at least sub-optimize.

When an already established leader is promoted to an executive level position (Vice President or above), yet an additional level of change is required. This level of leadership is expected to begin taking greater ownership and responsibility for the company as a whole. In fact, if when promoted to an executive level an employee does not think and act more broadly, collaboratively, strategically and with the interests of the entire enterprise in mind, he/she becomes an "empty suit" – someone with position and status but without the wisdom to use their authority and influence appropriately.

There are several areas that executives need to develop in order to "earn" the right to be at this level. These are "non-negotiable" behaviors that are synonymous with the role of executive. The following is a rough outline of some of the key areas they should be involved in.

1. **Company first/SBU next** – Because people have been promoted on the basis of their success in a much narrower focus, they are shaped into looking only at *their* areas of responsibilities and not beyond that. Employees are recognized and rewarded based on the success of what they manage and control. In addition, it is typical, and often appropriate, for them to develop a healthy competitiveness with their peers. Taken to the next level, however, the very behaviors that have made them successful can serve as derailers at the executive level. It is important for executives to make decisions based upon what will benefit the entire company, not simply what

will benefit their individual business. There may, in fact, be times in which their business will have to sacrifice at the expense of what is best for the company. This is not the same kind of thinking that encourages over-achieving goals without consideration to broader implications, thinking often found deeper in the organization.

2. **Collaboration over competition –** It is always desirable to have intense, energetic and competitive employees who want to win. At the executive level, however, winning takes on a different meaning. It is now making the company as successful as possible and not winning in isolation of other parts of the company. This requires looking for ways to creatively collaborate for greater and longer lasting impact than in previous roles. The same people you may for years have competed with for promotions, compensation and responsibilities must now become allies in looking for ways to win in the market place and against external competition. This collaboration includes finding unique solutions to common problems such as resource needs, sharing of best practices, keeping a friendly eye on each others challenges and offering help and assistance proactively.

3. **Put your money where your mouth is** – It is common at all levels to use stock and stock options for both incentives and retention. This is a common and typically effective practice for maintaining an engaged work force. In addition, however, at the executive level "you are the company", and show your support of the company by being a stock *purchaser,* not simply a stock recipient. This shows your belief in the company, serves as a motivator to those at lower levels in the company, and is an indication of your corporate responsibility. Executives at minimum can participate in ESPPs or have their financial manager have company stock as part of their overall wealth management portfolio. The higher up you are in the organization, the greater your independent ownership position should be. If, on the other hand you do not have a belief in the company substantial enough to warrant ownership, you need to ask yourself if you are, in fact, committed to its future success.

4. **Influence without authority** – As employees rise in a company, they are successful by "sticking to their knitting" and focusing on executing within the scope of their responsibilities. They are discouraged from "sticking their noses in anyone else's tent". At the executive level, however, everything should be in the realm of scrutiny. It is critical that executives look out for and address issues that may put the company at risk, are opportunities for

cost reduction or revenue production, major customer concerns or concerns around resources and resource sharing. The boundaries between business segments become more permeable and executives should, collaboratively, take initiative to solve company problems outside of their direct responsibility. This includes the use of authority, position and power on behalf of the company with much less regard to boundaries.

5. Walk the talk – Nowhere is it more important to behave in a way that is consistent with company values than at the executive level. The rest of the organization gets its cues from how seriously executives take company values, particularly around honesty, integrity, treatment of employees, relationships with peers and other executives, treatment of customers and business practices. Executives typically and regularly underestimate the amount of scrutiny they are given. As a result, inconsistencies between company values and executive behaviors are magnified. Treating an employee coarsely, using favoritism, or shady business dealings will rumble throughout the organization and the executive will lose credibility and effectiveness. It will take ten times the amount of energy and effort to regain that credibility than not slipping in the first place.

6. Challenge the system, but gracefully accept and vigorously support final decisions. It is critical for executives to speak up when they disagree and have a contradictory point of view. The stakes are too high for silent dissent. The stakes are equally too high not to vigorously support the outcome, agree or not. Part of corporate responsibility for an executive is to make certain that all aspects of major decisions are reviewed and discussed, no matter how contentious. Equally important is that executives present a united front to the organization once a final decision has been made. Not only does open dissent hurt the credibility of the management team, but also the credibility of the individual.

7. From Critic to Owner – In any organization there is a tension between field operations and corporate. Field operations often believe that corporate decisions are made in a vacuum and do not have relevance because corporate is not close enough to field work to understand "on the ground" problems. Similarly, corporate typically justifies decisions by saying they have a broader "company view" that people in the field cannot possibly appreciate. Even in the best companies this tension exists. Once an employee has reached an executive level position (e.g. head of an SBU or Region), they need to move from complainant to problem solver. They need to become part of the solution, not simply “piling on”. Because executives should assume greater ownership for the practices and direction of the company, they have a responsibility to bridge the gap between corporate and field operations as well as between various field operations. No longer can they “take a side”, but they should act as negotiators and liaison between and among corporate and various SBUs or functions.

8. Become a talent generator – A significant role of the executive is to focus on creating talent to sustain the future of the company. It is not the role of Human Resources to either manage or mentor talent. It is ultimately the responsibility of the line manager. At the executive level, a significant portion of time should be spent in getting to know those talented employees who will lead the organization in the future at all levels within and across the organization. Executives should always be looking for talent and creating opportunities to develop these employees through informal means – running a project, heading a committee, solving a unique business problem or shadowing the executive for a period of time. It is not someone else’s responsibility to come up with ways to develop employees, create elaborate management development programs or job rotation initiatives. Focusing on talent should be one of each executive’s top priorities.

9. Connect with other executives – As any high functioning team, the executive leadership must have the appearance and behaviors that indicate they like each other, are compatible and are mutually supportive. It is important for disagreements, dislikes and skirmishes to be done in private. When executives fight, the company rumor mill will generate grapevine gossip that leads to lack of productivity, creates divisiveness and sullies the reputations of all involved. This is not to say that executives agree at every turn, but they are respectful and supportive publicly. In addition, executives should have an interest in the successes and challenges of other executives. To be able to learn from others’ mistakes and offer assistance when fellow executives have challenges is a major part of corporate citizenship.

10. Know your business – At the executive level it is not sufficient to know just your own business, region, products or immediate customers. Executives must take a broader and deeper look at broad external issues to understand what the future strategy of the company should become. In this regard, executives need to get involved in activities outside of the company to have a more complete understanding of the market place, threats, opportunities, trends, challenges, innovation, legislation and the competitive landscape. This requires the executive "sticking his head out a little" and getting involved in industry and trade associations, national issues affecting the industry (e.g. regulations), education and company representation in major industry initiatives. This exposure will no doubt provide the executive with a much broader and better-informed understanding of the macro view of the business and industry. This will, in turn, help the executive better inform the company and influence the strategy and direction of the company. It is not a "nice to do", it becomes a "must do".

11. Money, Money, Money – It goes without saying that at the executive level you should have a clear understanding of financials, budgeting, trends and forecasting within the company. Part of the annual planning cycles requires executives to work with their finance people to put together as accurate of a forecast for annual planning as possible. Hopefully by this time the particulars of finances associated with annual planning are well understood. In addition, it is time to increase this basic understanding of financials to include money matters affecting the company as a whole. This includes working to understand financing deals, bonds and bond ratings, the cost of capital, capital markets, analysts and their evaluations of the business, and investors. The value of the company to external sources can help in making strategic decisions about where the company chooses to invest profits. The company works to hard to make money, growing the money should take the same attention and dedication to detail.

12. Hit your numbers – First, last and always, like at any other position in the company, the executive must execute!!! The foundation for being an executive is consistently and successfully making plan. An executive has two major assets that cannot become diluted – credibility and integrity. Credibility comes from always delivering on expectations. Integrity comes from taking responsibility and accountability when problems arise, and sharing credit with successes. The executive cannot overlook these fundamentals on the way to moving up in the company.

While this may not be an extensive listing of all of the areas of responsibilities of executives, by paying attention to these the executive begins to assume the responsibilities of the role, not just the title.