



**IBD CORPORATION**  
Developing Growth Strategies

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## **PART I: The Six Essential Roles of the CEO**

*This is the first in a three-part series from Vistage speaker Lawrence King on how Vistage members can become more focused, efficient and effective in their role as CEO.*

What's the most important attribute for CEOs: Vision? Strategic thinking? The ability to build client relationships and close the deal?

Obviously, CEOs need to have all these skills. However, Vistage speaker Lawrence King believes one attribute stands head and shoulders above the rest -- focus.

"Few things impact the success of a business more than the chief executive getting very clear about what he or she needs to accomplish," concludes King. "The more clarity you have around your own role, the more efficient and effective your performance will be. And the more you focus on your own role as CEO, the more your senior managers can focus on theirs."

### **Six Roles for Success**

Exactly what should the CEO focus on?

According to King, the role of the CEO encompasses six essential functions:

1. **Strategist.** This function sets the future direction of your company. The process for creating effective strategy involves a team-centered strategic planning retreat, whereby you go off-site with your management team, look three years out into the future, and ask the most important strategic question: *where will our future profit margins come from?* Chances are they will not come from the same place as today.

"If you conduct annual retreats, you must have quarterly reviews as well," adds King, "because planning minus review equals cynicism. Planning *plus* review equals solid momentum."

2. **Ambassador.** Meet with your important customers and clients once or twice a year, not for a sales call but for an informal lunch or dinner. The idea is to get to know the customer and let them get to know you, so that you can increase their trust in you and establish your credibility.

Toward the end of the meal, ask your customer, "Where do you see your company going over the next 18 months and what problems do you anticipate?" Then sit quietly and listen, so that you can take what you hear back to your company and turn it into real gold by embracing the third role of inventor.

3. **Inventor.** Success in business requires finding your customer's pain and developing new products and services to relieve it. The inventor function ensures that the strategic direction of the company aligns around the customer's pain.
4. **Coach.** Become a teacher, coach and mentor to your direct reports. Instill a culture of learning throughout all levels of the organization. Your direct reports do not have your big picture perspective, so find ways to teach it to them.

"In particular, your key players have many basic misconceptions about your financial model, thinking your company and you are doing much better than you actually are," notes King. "Teach your people the basic financial model of the company, so they understand what is really happening from a financial standpoint."

5. **Investor.** Treat your company as an investment. Know the market value of your business and strive to grow it. Improving market value should direct all decisions for the business and reward the clear focus and direction of the CEO.
6. **Student.** Stay active in some form of continued professional development -- not just in the your area of functional expertise but as a student of leadership.

"These are not things to do when you happen to find the time," cautions King. "They must become your top priorities. Make these six functions real and relevant for you, so they drive your daily calendar and all your time management decisions."

### **Staying Focused**

Surprisingly, King, believes it is possible to perform the role of the CEO in as little as 20 to 25 hours a week, but only by staying focused on essential CEO activities and having a top-notch operations team in place, with no toleration of mediocre performance.

"Someone has to see to it that all the operational stuff gets done," states King. "Without a capable management team, you don't have the luxury of focusing only on CEO activities."

To ensure that you spend more time wearing the CEO hat and not all the others in the company, he recommends the following:

- **"Whose job is it?" bell.** Put a bell inside your head and let it go off at random intervals. When the bell rings, ask, "Whose job am I doing right now?" If it's not the CEO's job, ask, "Why am I doing this job and who does it belong to?"
- **"A" priority list.** Ask yourself, "What are the six most important things I do each month? Of these, which ones belong on my 'A' priority list and which should I delegate?" Then monitor how much time you spend on your "A" priorities compared to less-important activities.
- **Personal mission statement.** Most CEOs have a vision statement for their company. It also helps to have a vision statement for yourself. In addition to knowing where you want your company to go, you also need to have clarity about where you want to go as a CEO.
- **CEO success profile.** Create a one-page, bullet-point success profile that focuses on what you need to accomplish as CEO. The profile can include setting the vision and strategic direction, identifying new products and services, creating the right kind of culture -- anything essential to your company's success that only you can do. Print your success profile, keep it visible, and use it to make decisions on a daily basis.

"It may take several iterations to come up with a powerful profile that really reflects you," notes King. "And you may struggle with what you need to hold on to versus what you need to let go of. However, plow through as many drafts as necessary until you get it right. In order to be effective, the profile must focus on the results that only you can produce."

"In my experience, most CEOs know what they need to do to fulfill their role. The problem is they allow themselves to get sucked into doing other people's jobs. Focusing on the six key roles and your success profile will go a long way toward keeping you on track and ensuring that others are doing what you pay them to do."

## **PART III: The One-to-One: How to Coach Your Direct Reports**

*This is the second in a three-part series from Vistage speaker Lawrence King on how Vistage members can become more focused, efficient and effective in their role as CEO. Part one is The Six Essential Roles of the CEO.*

In today's business environment, one of the most important roles CEOs can embrace is that of coach, teacher and mentor.

One of the best tools CEOs can use to coach, says Vistage speaker Lawrence King, is consistent, structured one-to-ones with their direct reports.

"By one-to-ones, I mean essentially the same thing you do with your Vistage Chair every month," explains King. "These are high-level conversations where you and your direct reports set aside quality time to address the long-term strategic issues facing the company and the developmental issues of your management team."

According to King, one-to-ones with direct reports allow you to:

- Achieve better alignment in regards to the vision, mission, and goals of the company.
- Gain a clearer picture of how your direct reports think and solve problems.
- Provide quality time for coaching and mentoring, essential activities for building your management team.
- Model the behavior you want your direct reports to use with their people.

"Equally important, one-to-ones provide much-needed recognition for direct reports," adds King. "Giving your time and undivided attention sends the message that you consider them valuable players on the team."

### **Coaching Skills**

According to King, effective coaching starts with some basic communication skills:

- **Empathy.** Strive to see the world through the other person's eyes. In reality, you can never see the world exactly as someone else does. However, making the attempt will dramatically change the interaction in a positive manner.
- **Respect.** Be slow to understand, so that you can get at the real issue and show the other person the respect they deserve.
- **Exploration.** Avoid easy, quick answers and stay in diagnostic mode. Ask plenty of open-ended questions.

- **Flexibility.** Everyone has a natural style of communicating. Learn to go beyond your natural style and do what is needed in the situation.

"It also helps to know your non-verbal style, including its strengths and limitations, so that you can become more flexible in your interpersonal interactions," adds King. "Non-verbal communication plays a vital role in your ability to influence others."

## Getting Results

To conduct effective one-to-ones with your direct reports, King recommends the following steps:

- **Make the one-to-ones a priority.** Schedule at least one hour per month of quality, protected time with each direct report. Set up the meetings six months to a year in advance and write them on your calendar in indelible ink. During the meetings, do not allow any phone calls, interruptions or distractions.

At the same time, beware of over-scheduling. "If you meet too frequently, the one-to-ones become totally operational," explains King. "The farther apart the sessions, the more they tend to stay at the strategic level."

- **Work *their* agenda, not yours.** Have the direct report prepare a written agenda for the one-to-one. The agenda should focus at least 25 percent on strategy and long-term developmental issues (both for the company and for themselves) and contain at least one opportunity to explore in-depth. Teach your managers/executives to regularly identify opportunities, not just "problems."
- **Create an action plan.** One-to-ones should lead to mutually agreed-upon action steps, with deadlines and expected outcomes. Write them down and review them at the next one-to-one.

To enhance your one-to-ones, King also suggests practicing the "Rule of Four":

- Listen four times as much as you talk.
- Give four times as much positive feedback as critical or negative feedback.
- Spend four times as much time on diagnosis as solution.
- Spend four times as much time on business issues as personal.

"Interestingly, when you listen four times as much as you talk, your people will perceive it as just about even," notes King. "The same goes for positive versus negative feedback. To get the most out of your one-to-ones, stay in diagnostic mode, ask a lot of questions, and be generous with your praise."

## Master Questioner

Vistage Chairs know that the secret to impactful one-to-ones with members lies in asking the right questions. According to King, CEOs can also benefit immensely from developing their questioning skills.

"Conducting great one-to-ones requires asking a *lot* of questions," he explains, "especially when solving problems and working on developmental issues. In particular, ask plenty of open-ended, probing questions, such as: How? What? Who? Where? When? These questions will help you listen four times more than you talk and diagnose four times as much as you come up with solutions.

King also suggests avoiding "why?" questions, as they tend to put people on the defensive. Instead, of "Why did you do that?" consider questions like, "What led you to that conclusion?" or, "What were your assumptions prior to that decision?" These will encourage people to feel safe in opening up to you.

"Above all, avoid sarcasm in coaching conversations," cautions King. "Sarcasm is nothing more than thinly disguised hostility that demeans and puts down the other person. Sarcasm may seem funny to you, but it is *not* funny to the person on the receiving end."

## Coaching for Behavioral Change

Often, coaching involves having a conversation to change behavior. According to King, the challenge for CEOs is to be professionally positive when the natural tendency is to be negative -- especially when working with difficult employees.

To coach in a positive fashion, King recommends the following:

- **Focus on the behavior, not the person.** Come prepared with several different examples of the behavior you want the employee to change. You're trying to change the behavior in general, not a specific situation.
- **Make a specific request for change.** Tell the person what you want them to do as a result of having the conversation with you. Think it through beforehand, identify the best time to introduce the request into the conversation, and be very clear about what you want to accomplish.
- **Make the request short and to the point.** For example, "I want that report on my desk by 10:00 a.m. every Monday." Or, "I want you to spend one full day each week out in the field coaching our salespeople."
- **Come to agreement on the new behavior and put it in writing.** Having a written agreement prevents any misunderstandings and provides an important accountability tool.

"As a CEO, you can't avoid these kinds of conversations," concludes King. "However, keep in mind that coaching isn't only about confronting and changing behavior. In fact, 70 to 80 percent should be about acknowledging and recognizing performance. Use the 'Rule of Four' and aim for four times as many recognition conversations than confrontation conversations.

"Ultimately, your growth as a CEO and business leader will come from doing less, thinking more, and coaching others to step up to the plate and take on more. You have to run the business, but you don't have to get buried in all the operational details. To maximize your performance as CEO, use the one-to-one process to get clarity with your direct reports, coach them to better performance, and provide the accountability and calibration they need to get the job done. In doing so, you free up your time and energy to become a better strategist, ambassador and inventor to create real increased market value for the company."

## **PART III: The Human Side of Scalability**

*This is the third in a three-part series from Vistage speaker Lawrence King on how Vistage members can become more focused, efficient and effective in their role as CEO. Part one was *The Six Essential Roles of the CEO*; part two was *The One-to-One: How to Coach Your Direct Reports*.*

### **Introduction**

In any discussion of business models, one of the primary questions is: *is it scalable?*

Answers to this question typically run to discussions of financial, technological or physical resources. However, according to Vistage speaker Lawrence King, what often fails to get addressed when looking at scalability is the human side of the business. He believes that the financial, technical and physical resources, although certainly not easily obtained, are more available than the most scarce resource today -- talent.

"For years, I've been imploring Vistage members to aggressively compete for talent," he explains. "Apparently, business leaders have gotten the word because talent is becoming increasingly scarce. And with the basic economic equation of supply and demand, we all know what scarcity will do to the price of talent. Which is all the more reason for Vistage CEOs to commit to developing the people on their teams through coaching and teaching."

According to King, one of the six major roles of the CEO is that of coach, which involves all the ways that you can help your people develop professionally (as discussed in *The Six Roles of the CEO* and *The One-to-One: How to Coach Your Direct Reports*). And, like the CEO, one of *their* major challenges is also becoming better leaders.

"Scalability requires the CEO to become a leader of leaders; to not only practice leadership but to teach it as well," asserts King. "For many, this means learning a whole new skill set and developing the willingness to go beyond their own personal comfort zones. But for entrepreneurial business leaders, the reward for this clarity, focus and commitment to the CEO role is the ability to continually scale or grow your business."

### **Six Key Roles of the Key Executive**

The good news is that there are numerous resources available to help CEOs accomplish this challenging task of becoming a leader of leaders.

"One resource I certainly would not overlook is the Vistage Key Executive Program," suggests King. "This program, which I developed more than 20 years ago, now has more than 2,000 members worldwide. It offers a proven model for continuing to develop key members of your management team, helping them to move away from the technical/functional roles they are so comfortable with and into a true leadership role in the company."

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According to King, key executives in entrepreneurial companies also have six essential roles. Some of these coincide with the six essential roles of the CEO, others reflect the more operational nature of the position.

1. **Co-strategist.** First and foremost, key executives must contribute to the development of strategy. They must use the knowledge and information they gain from their critical vantage points to help set the future direction of the company.
2. **Team leader.** Like the CEO, key executives must make the difficult transition from functional expert to leader. "They may go kicking and screaming," notes King, "but you must drag them out of their familiar, comfortable, functional roles and into this new, ambiguous and demanding role of team leader."
3. **Content expert.** In their specific areas of knowledge or expertise, key executives need to bring global best practices to bear on the current, everyday practices of the company.
4. **Champion of change.** Key executives need to beat the drum, wave the flag and point their people in the right direction, while constantly reinforcing the vision of why the company must go forward.
5. **Role Model.** Key executives must march shoulder-to-shoulder with the CEO, actually living the values that are spoken for the company.
6. **Student.** As with the CEO, key executives must engage in continued professional development, but as students of leadership, not of the technical/functional turf they manage within the organization.

### **The True Drivers of Scalability**

In order to scale the business, CEOs need the input and contributions of key managers and executives.

If your key executives are not sharing ideas and giving suggestions for new products and services or new markets and distribution channels, suggests King, their lack of input should become a major topic for discussion in your CEO/direct report one-to-ones.

"Make sure that the one-to-one is used for discussion of strategy, both long-term and big picture, and not just for day-to-day operational issues," advises King. "A major challenge for key executives (as well as all the rest of us) is that we can become victims of our own success. We want to continue doing what has worked for us in the past.

"As CEO, you need to challenge your key executives to get outside their comfort zone and technical/functional ability and move more into the leadership role. The one-to-one is the ideal place to have that conversation."

According to King, another major challenge to scalability is the middle management team below the senior team members. In fact, a major bottleneck for growth can occur if talent development, coaching and supervision are not used at this level. To prevent this bottleneck, senior executives must do with their own team members what the CEO is doing with them. That is, focus on developing their people beyond their technical/functional roles.

"For growth to occur, decision-making must be pushed further and deeper into the company," says King. "That means more decisions, better decisions and quicker decisions. This will drive communication and speed to the customer and contribute to developing a culture with a strong sense of urgency. It will also allow for a major strategic differentiation of speed with quality, which will be a leading contributor to the scalability of the business.

"I don't equate teams with good morale or improved satisfaction or any of the other common descriptors. Instead, I equate teams with the degree to which the group can diagnose a situation, make a decision, take action, and learn from the results. In order to perform at this level, the team must surpass the barriers to communication of mistrust, lack of candor, politics and other interpersonal issues. Such an environment allows for decisions to be made, for the customer to be the focus, and for execution to be the norm."

Ultimately, innovation, strategy and execution drive scalability.

However, these can only occur on a consistent basis when leadership, talent and talent development are inherent ingredients of the culture. Because the CEO is the architect of the culture, it comes full circle to the clarity, focus and commitment he or she has to the true role of the CEO.

### **Overcoming the Psychological Barriers**

The question immediately arises: if the benefits of clarity, focus and commitment are so strong, why aren't more CEOs involved in this process?

King believes the answer has to do with the psychological barriers CEOs face as they attempt to scale or transition their business.

"As I mentioned previously, we can all become victims of our own success," he points out. "Personal change often gives rise to doubt, procrastination and projection. As human beings, we much prefer to go back to where it feels comfortable and where we know what we're doing."

How can you get past this human tendency to retreat into that safe space? Through introspection, candor and responsibility.

According to King, this involves the following:

- **Create your high performance profile.** Have a "fierce conversation" (to quote Susan Scott's book title) with yourself. Identify your personal leadership style by looking at your career as a leader. Identify three of your successes and three of your failures, especially with regard to major transitions in a company, department or assignment. Analyze these experiences for their commonalities and ask, "What kind of patterns emerge? What consistencies are present?"
- **Test your profile for accuracy.** Take your profile to people who know you well and can be brutally honest with you, such as your Vistage group members. See if your profile corresponds with how others actually see you. Make sure you are creating a real and not a hoped for or idealistic profile.
- **Understand your challenges.** Use your profile to analyze and understand the challenges of scalability that you face. What are the strengths you bring to the situation? What are the limitations? Where are your doubts and anxiety likely to occur? Does this lead to procrastination on your part? Do you have a tendency to project blame onto others rather than taking responsibility for yourself?

"Forget about what other CEOs would feel or do in this situation," suggests King. "This is about *you*. A basic premise of psychology is that once you own a feeling state, you have much more choice in what you do with it. Denial clouds the process and is a leading contributor to procrastination."

- **Create and commit to an action plan.** Once you have an understanding of your personal leadership challenges, share them with your Vistage group. Have them help you create a realistic action plan and invite them to hold you accountable to the plan.

"Keep in mind that progress will not always be linear or rational," cautions King, "but it will occur as long as you stick with it. Get honest with yourself and be willing to be vulnerable in front of your Vistage group. Use the Vistage process as it has worked for the past 50 years so that you can overcome the psychological barriers getting in your way.

"When you stay resilient and committed, the rewards can be profound and enormous. You can become a true CEO. You can become a leader of leaders. Most of all, you can continually scale your business and have the success you want and deserve as a CEO."