

Coaching Case Vignette

Leading Through a Storm of Criticism – A Case Study

“So what do you think I should say when they ask?” Sheila Norman, the Chief Operating Officer of a medium sized, service company asked me during our coaching session. She was one of two final candidates being considered for the position of CEO in a larger corporation in the same industry. Sheila had made it through multiple rounds of interviews, credential checks, and reference calls. She was meeting with the Search Committee of the Board of Directors, senior members of the organization’s executive and management teams, and some of the major stockholders in a matter of days. Her question to me was directed at the fact that Doug Rasmussen, the CEO of her company, had barely survived a vote of no confidence conducted by their major shareholders in the previous month. Sheila and several other members of the Executive Team had worked behind the scenes to insure the vote came out the appropriate way. The effort had been monumental and emotionally challenging. Doug had been a very charismatic and controversial CEO during the previous five years. The Board of Directors was due to renew his contract in the near future and a group of stockholders who had been upset with the direction set by Doug and the Board had managed to get the vote of confidence on the agenda for the annual stockholders meeting despite all efforts to block them.

“What are you worried about?” I asked her.

“Well, I was talking to the Secretary of the Board of Directors in this Company interviewing me, and he asked me about the vote. I asked him if he thought it would be a concern, and there was this pause. Then he said that I should be prepared to address questions about it. I then asked if there could be a problem. There was another pause

and he then said that it might be possible that some folks would voice a concern depending on what they heard. Now, I'm spooked. So what do I tell them coach?"

As is frequently the case in these situations, I was somewhat reluctant to simply tell her what to say, so I asked her a few more questions. I typically do this to both see how far a client has pushed his or her thinking along as well as to buy a little time to think about the situation in more depth. I had been working with Sheila for about a year and knew her fairly well, but although we had spent a good bit of time discussing her role in helping Doug manage the vote and the stockholders meeting, we were on new ground now that she had thrown her hat into the competition for her own job as a CEO.

"What do you see as your choices?" I asked.

"Well, that call with the Secretary told me that I can't duck the issue completely."

At that point, Sheila sighed and looked out the window of her well-appointed corporate office. We were sitting at the small conference table in a corner of the room.

"Is that what you'd rather do?" I pressed.

"Of course, I don't like the thought one bit that my career as a leader is yoked to the way Doug has handled some of the situations that initiated the vote. George and I have been cleaning up after him for years, and it's so frustrating sometimes."

Sheila was referring to George Geopopos, the long term CFO of the Company. Doug had been controversial from the moment he had taken office. The mandate he had been given was to expand the business and become more strategically involved in new markets. Doug had recruited Sheila in his first year in office and together, they had re-crafted the organization's strategy and set it on a sharply defined course. They had shed some of the business units that were not likely to produce a lot of new revenue in the

future and plowed the money from the sales into the technologically driven edges of the corporation. They had successfully recruited a large number of new professionals who had quickly set about changing a lot of what the enterprise had been doing. Many of their traditional shareholders, who had held their stock for decades and looked forward to dividend checks that came every quarter, became incensed when Doug and the Board told them that their dividends would be reduced significantly because of the need to invest in the future of the company. Despite major improvements in performance in the new sectors of their business, their recent revenues fell significantly short of previous years' results. When two successive quarters of dividends were withheld because of investment needs, the rumbles had led to an open rebellion on the part of some long-term stockholders. They had enough clout in the organization to force a vote despite the Board support that Doug enjoyed. That group knew the business much more intimately and had calculated along with Doug and his team that it was only a matter of time before the revenues in some of their traditional services would tank. They were happy that they sold those assets early enough that they received true value for what they had shed.

Doug himself had not handled the situation as diplomatically as he could have. Known inside and outside of the Company for his candidness, his quick wit, and a sharp tongue when under pressure, he had often allowed both private and public meetings to deteriorate almost to the level of name-calling. He had become so wounded for having his judgment challenged, that he more or less asked Sheila to deal directly with the dissidents as well as with the stockholders who did understand the changes in strategy.

“What do you think you can tell them about Doug?” I asked her.

“Well, many of them already know him. The industry is not as large as you would think, and the fact of the vote has already been reported both in the local business pages and in the industry newspapers means the word is out. They also know that we’ve repositioned the company pretty radically and as a result, we’re being watched closely. In fact, I think that’s perhaps the main reason I’m one of the finalists for this job. Some people in the business have started to figure out what we saw four years ago and are moving to change now while they still can.”

“So, you believe you don’t need to start from scratch with at least some of them.”

“That’s right.”

“And you already know that they know the broad outlines of what you’ve done and the challenges you’ve had.”

Sheila looked directly at me and nodded.

“Is there anything wrong with telling them the truth?” I asked.

“What should I tell them? That Doug has consistently irritated people that he didn’t need to. That with a little more grace and reassurance of some of the key players there would never have been a vote. That as talented, smart, and aggressive as he is as a leader, he constantly gets in his own way?”

At that point, I smiled. “He’s been a real handful for you, eh?”

“Oh God, don’t you know it. I am so ready to get out of here. I can’t tell you the number of times he’s told me he’s going to have to fire me if I don’t do this or that. I mean he’s absolutely correct on what he has done and our strategy and tactics are really going to pay off, but he can be completely obnoxious. I know I can’t say that in the interviews, but the danger is that managing stockholders meetings has been in my

portfolio, and Doug has created enough distance between the two of us on this that if the Board did get upset, it would probably be me that took the fall for what has happened.”

“And what steps have the Board taken?”

“Oh, that was another crisis this week. The Chairman of the Board, who is even worse than Doug in some ways, drafted a letter to go to the stockholders that all but told them to shut up and sit down. He didn’t use the word idiots, but he sure came close.”

“What happened to the letter?”

“Fortunately, Doug showed it to me and I got our General Counsel and George together to review it. We crafted an alternative and after three more drafts, we sent it out yesterday. It was still a mess, but it was somewhat more conciliatory.”

“If we go back to your question then, why couldn’t you focus on the real story?”

“Which is?”

“Well, in my experience of both interviewing people for jobs and being interviewed for them myself, humans learn best through storytelling. Your audience already knows the end of the story and some of the cast of characters. So, it’s like one of those movies where you see the last scene first but the real story of the film is how did the hero get in that predicament in the first place? If you tell them the truth about how you got there, what you did during that journey, the issues that you have collectively faced in making the changes that you have, you have a tremendous narrative to share. From what you’ve said to me, they are interested in you because you’ve been a key player here and they are thinking seriously that they have to make the same journey.”

“Yeah, but how do I do that?”

“Well, you said that you are going to be meeting with different audiences during the day you are there like members of the Board, senior staff, etc.”

Sheila nodded.

“And in light of that, you’ll have to tell them versions of the same story because they will talk to each other.”

She nodded again.

“Just imagine then that you have them drawn up around a campfire and you are going to tell them this story of this very difficult but rewarding journey that you’ve taken. These are folks who are eager to go on the same journey and they are worried about what they will encounter along the way. Your story has a beginning, a middle, and a current status. You can concentrate on Doug’s positive traits.”

“How?”

“Who approved the strategic plan you crafted?”

“The Board.”

“Who made the decision to shed those business units?”

“Ultimately, the Board with our recommendations.”

“So, this is a story of a courageous Board and an intrepid executive team that needed to significantly change the shape and direction of the Company. It’s a story of what you’ve done, the resistances you’ve encountered, and the steps you’ve taken to manage the whole process. It’s also a form of a status report, and from what you’ve told me over the past few months, everything that you’ve done has been working well except that the amount that you’ve had to invest in technology, the rapidity with which you

could change over your staff, and the rate of growth in the new lines of business have not exactly matched the projections you made five years ago.”

“That’s right.”

“Why can’t you tell everyone the truth? It’s a heck of a story.”

“When you put it that way, it sounds really good. I can sure tell them what has happened without airing out all the Company’s secrets. But what if someone asks about Doug and my relationship with him?”

“Again, why can’t you tell the truth? If both of you are known in your industry, the folks interviewing you may be unconsciously pushing you to betray him, to rat him out, or to scapegoat him. But do you really have to do that? You’ve said mostly good things about him to me for nearly a year. What if you described all of the good things that your team has done to manage the governance crisis and then also said something like, ‘we’ve also learned some lessons about what we should have done better?’”

“If you put it like that, I could talk for a whole day about what we’ve learned.”

“Why can’t you put it like that? It sounds to me like this Board of Directors is looking for someone who can help them create the kind of storm of change you’ve already done here and to manage its effects. Isn’t your job in the interview to convince them that you’ve sailed in very stormy, criticism filled seas that your own Board created because they knew they had a duty to the future of the Company and not just to the present. Can’t you tell them the story of what it will take? Don’t they need to understand that they will need real wisdom to decide what to do, courage to stick to their strategy in tough circumstances, and the ability to manage their emotions when tempers are lost?”

“Well, aside from managing tempers, we’ve been pretty wise and courageous here over the past five years,” Sheila said quietly and with determination.

“Can you tell them that story?”

“Yes, of course I can,” she replied and smiled

We broke out of our coaching session after a few more minutes. I went home insanely curious about what would happen during her interviews. I didn’t hear anything from her for a couple of weeks. Finally, I threw in the towel and sent Sheila an email asking her what had happened. She replied quickly that we needed to talk because the other company was getting ready to offer her the job and Doug was whining.

Over the course of the next several weeks, I spent several hours on the telephone with Sheila as she walked through the processes of negotiating her position as the CEO of the new company who had recruited her and her exit from her existing organization. She reported that the interviews had been quite stressful but that the discussion that we had before those meetings had been very helpful to her in preparing for the questions she had been asked. In several portions of the interviewing process, the focus had been almost exclusively on how she had assisted Doug with the strategy formation and execution processes and the resulting political pressures that had erupted at various points. Sheila said that she had addressed these types of inquiries as candidly as she could and also set limits where she thought it was appropriate. She did attempt to cast the vote of confidence in the context of the strategic changes that the leadership team had pushed into the organization and the quite natural resistance to many of those changes that they had experienced. The feedback she received after the interviews was that her candor and

seeming sophistication in speaking to the processes of courageously leading changes in the face of opposition appeared to be the major factor in asking her to join their company.

As soon as she received the offer from the other organization, Sheila approached and confided in Doug. Initially, he seemed hurt, hostile, and opposed to her leaving her position. I heard through Leslie, the Vice President for Human Resources, that Doug was also upset with my coaching activities because they appeared to lead to one of his key executives leaving the company. This was despite the fact that at the outset, Doug acknowledged that this was one of the possible outcomes of coaching and that he himself had stated several times that having Sheila move on was in the best interest of the organization. In our subsequent sessions, Sheila was able to craft an approach to Doug that seemed to reduce both his open hostility to her decision to leave and to take care of the major concrete reasons for his opposition. Together, they decided on the wording and timing of the announcements of her departure, an activity plan that would enable her to complete most of the critical assignments on her plate before she left, and how they would try to relate to each other in the future.

Sheila crafted a deal with her new company that reflected her increased appreciation for the complexities of politics and change processes in corporations. She was careful during those negotiations to explore the positions of the various members of her new Board of Directors and began to form a set of alliances and positive working relationships with many of them. When it finally occurred, her departure from her position had many paradoxical components to it. Doug was extremely sad to see her go and quite complementary about her contributions and support to him. Sheila herself experienced an initial wave of true grief in leaving her colleagues behind including Doug

and in examining those emotions discovered how attached she had become to them and how proud she was of their achievements. She also began to have a fair amount of performance anxiety as she started to assume her new duties. For it rapidly became clear to her that the expectations of the person stepping into a CEO role were extraordinarily high and virtually instantaneous upon her signing her agreement. Although she worked very hard to set reasonable limits and goals in both organizations, the plain fact was that both of them expected her to be working constantly on their behalf. Despite all of these pressures and tensions, Sheila successfully separated from her existing position and moved on to become the CEO of the new company. She took a phenomenal amount of expertise and experience with her, while she also understood that she had an incredible amount to learn as she took over the senior executive position in the new organization.