

## The Power of Pragmatism: A Tale of Caution

This is a true story. For that reason, all reference to the company involved and the individuals concerned has been removed to protect the guilty.

It starts with a newly appointed CEO. Like many CEOs, he wanted to make an early statement of intent, to make an impact, to leave an indelible mark on the organisation.

In this instance, he chose leadership as the subject on which he wanted to focus, and specifically, he had a desire to increase the number of leaders in the company's "Top 100". For those not familiar with the "Top 100" concept it is a leadership grouping that many companies use. As the name suggests it refers to the most senior people in the organisation and although the term "Top 100" is a generic term it is often the case that the actual number does hover around 100. They are a very important grouping because what often goes hand in hand with the concept is the company spending a disproportionate amount of the learning and development budget on these executives — the theory being that what you invest in them will naturally cascade down through the organisation. Whether that is true is the subject of debate for another day.

So of all the subjects our CEO could have concentrated on this was one that would serve several purposes:

- It would make a strong statement about leadership in the company in general
- It would signal to the organisation his desire to strengthen this particular group
- It would encourage more junior executives to stay with the company with a clear message that more opportunities would be available to them in the future.

It was decided that the means of achieving all this would be an all-day meeting with the 10 most senior executives in the company to discuss their nominations.

The agenda was as follows:

- The Chief Human Resources Officer (CHRO) would research the current situation and make a short presentation to ensure everyone knew all the facts. For this reason, no papers would be sent out beforehand.
- Believing the current number to be around 90 the intention was to increase it to 150
- The new group of 150 would be finalised and then 4 weeks later there would be a launch of the new grouping with a "Top 100" conference which would confirm the new configuration and at the same time, the new group would review the upcoming company strategy.

On the appointed day the senior executive team met in the CEO's conference room. The CHRO started by confirming that the current number in the "Top 100" was 94. He added that the numbers had not been updated for a while and having taken into account some resignations, several new starters and some recent promotions, he believed the actual

number was 120. By the time the senior team had gone through all the names, verified the information and factored in any further upcoming changes in the organisation, it was time for coffee. Just before the break, the CEO informed everyone that “we just need to find 30 more people, which doesn’t appear as if it will be a problem given the progress we have made already”. The CEO could not have been more pleased and his optimism was shared by others in the room, so much so that a few spent the coffee break informing their assistant that the meeting would be over by lunchtime and to change their afternoon itinerary accordingly.

The group reconvened and within 5 minutes of the restart one of the senior members — who had probably been keeping score — asked the question “can we just check what the functional breakdown of the 120 is so we can ensure an appropriate cross-section of the company is represented at the top?” Whether it was a deliberately loaded question or asked from a position of complete naivety, anyone who has ever sat in such meetings will testify to how game-changing some questions can be.

The CHRO did a quick check and noted the following:

- The Finance function had more than twice as many people as any other function
- The Strategy group — who only had 3 people in the whole function had all 3 in the Top 100.
- Representation of the other functions tapered off dramatically with I.T. having the second smallest grouping and the Human Resources function having only the CHRO
- Last but not least the collective number for all the functions represented 60% of the 120 while the mainstream business units made up the other 40%

What followed would later be described as a case study in how respect, civility, trust, and integrity can vanish in a heartbeat.

Despite the standing of the CFO in the company’s hierarchy it didn’t take long for an alliance of executives to point out that based on the recent performance of the Finance function they should consider themselves lucky to have half the number they actually had — followed rapidly by a consensus that the Strategy function was a waste of time and energy.

Soon there were voices in the room who felt the group should not take the new 26 (94–120) at face value and maybe they should be looked at more closely. The retort from those most affected by this was swift and to the point — “if we are going to do that why don’t we just revisit the original 94 while we are at it.” The two most senior general managers in the room voiced support for this while at the same time pointing out that only their business units actually made money for the company and the functions merely represented cost, so in any new order of things the business units should have at least 75% of the people. Any student of corporate policies would not need too vivid an imagination to guess the general direction in which this conversation was heading.

At the point when some of the senior executives’ team were about to question whether some of their peer group should be in the Top 100, the CEO brought proceedings to a halt. In a tone of voice that barely masked apoplectic rage, he suggested the group break for

lunch and reconvene in an hour. He made it clear that no one was going home until the issue was resolved to his satisfaction.

As the group reconvened after lunch the CEO — trying to re-establish some control — suggested that the 120 that had already been confirmed would stand for now and the afternoon would be spent deciding on the balance between 120 and the target number of 150.

At some point after lunch, unnoticed by many, the CEO's Chief of Staff slipped into the room and sat quietly at the back listening to what was being discussed. After about 20 minutes, and not being sure of the etiquette of the meeting she raised her hand as if she wanted to be excused. Unfortunately, the CEO was now at the point of just waiting for someone to give him an excuse to vent his displeasure. "Put your hand down, you stupid woman. If you have something sensible to say just say it — not that I can imagine it will be of much use given you have only been sitting there for 20 minutes"

Not dissuaded by the CEO's rudeness she calmly suggested that an increase from 94 to 120 represented a major step forward and given the difficulty that the group was now experiencing maybe they could come back and revisit the 150 number at a later date.

"If that is the best suggestion you have I suggest you keep quiet and let those who are trying to resolve the problem get on with their task" replied the CEO.

The role of Chief of Staff has many advantages in understanding how a CEO operates and how head office policies play out but to do the role you need to be made of stern stuff.

Undeterred by the less than courteous response the Chief of Staff raised her hand again a few minutes later, in what appeared to some to be an act of great courage while to others an act of career limiting proportions.

"Don't say anything unless it is going to add value to this debate" barked the CEO.

"I would like to reiterate my earlier suggestion of settling for 120 and revisiting the 150 target at a later date" The Chief of Staff paused to let the message sink in — "and before anyone shouts me down I want to say that the reason I couldn't attend the meeting this morning was because I went to check the facilities of the hotel where we are having the launch of this concept in 4 weeks' time and it only has 120 bedrooms."

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As a postscript to the story, I spoke to the CHRO of the company a few months ago. He is not the same CHRO who attended the meeting as some years have passed since the events described above.

"Peter, for what it is worth I thought you might be interested to know that the current "Top 100" number is currently 118".

Lessons to be Learned:

- We all like making an impact in an organisation when we first join — indeed we are often put under pressure to do so to prove our worth — and CEOs are no different. Making bold gestures when you are not yet fully immersed in the culture and haven't fully grasped some of the history may be spectacularly successful, but it carries inherent risk irrespective of seniority.
- It is worth doing your homework even on subjects that appear only to have an upside. After all, who could object to expanding the leadership cadre? It is worth doing your homework on hotels as well!
- Anything that involves judgements about people will always have the potential to be emotive. This is even more so when any decisions could be perceived as reflecting on the standing and importance of the people making the decisions. Seniority does not always equate to maturity.
- What appears to be a good idea to one person often doesn't appear so great to others — some sounding out of stakeholders is never wasted time.
- The next meeting of the senior executive needed to start with a review of what happened in this meeting and why. Traits in how senior teams operate have a habit of repeating themselves and while quick to anger many senior teams have a deep-seated aversion to confronting why it happens and what can be done about it. No such review took place in this case.

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