

# CEO TO CEO

Assisting business leaders as they navigate critical passages

May 26, 2010

Having the wrong executives is good for my consulting business. It is one of the top causes of CEO frustration and sub-optimal performance, and I get calls. Rebuilding top teams that really deliver is no easy task, but it's critical. Great top teams are also excellent for my consulting business, as they bring profitable growth, and lots of it, and those companies often call me for a little help. In addition to my essay on recruiting below, please consider coming



to a [panel](#) I'm moderating on June 1st (more info page 2) and an Alliance of Chief Executives CEO Round Table Discussion I've organized on June 10th in San Jose, titled, "[Developing High Performance Management Teams](#)" (for chief executives only).

## The INSOMNIA Factor

What keeps CEOs **AWAKE AT NIGHT**  
—and what to do about it.

### Recruiting the Right Executives

By Robert Sher

As the economy thaws, the need for finding and recruiting great executives is growing quickly. With demand rising, some of your executives will jump ship, tempted by greener pastures and the security of a healthy market for their talent. You'll need to replace them with upgrades and maybe a few more executives as well to lead a bigger business.

Recruiting executives to your top team is hard work. Yet there are few other tasks for a CEO as important. From formulating your leadership team strategy until the last day of on-boarding, the CEO must invest the time and money it takes to do it right. Anything less will create many sleepless nights dealing with all the problems that the wrong executive will cause.

Future Focus. The process must commence long before you start the search. It begins with strategic planning, where you become clear on what the organization should look like in a year or more. For your future organization, what top executives would you need? Those are the executives that you'll want to find and hire now. Executives drive growth.

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### Recent Retainer Calls

Most of my clients put me on a retainer so they can have access to me whenever they need me. Here are some of the calls I got last month for routine issues and questions:

♦ Managing the investment banker. There may be a sale at hand, but the price and terms aren't great. Is the banker too eager to just get a deal done? How to get the best offer, then decide to exit or not.

♦ Team conflict. This top team is struggling to get the work done in an ultra-high growth environment. Diagnosis needed STAT in an environment where fire-fighting is the norm.

♦ Sales are down. Sales  
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Picking the Plums. CEOs and top teams should always be on the lookout for future executives. They may be working for the competition, for a supplier or customer, or they might have been on your last company's top team. Building a network of potential team members is one of the fastest, most reliable, and lowest cost methods of building a great team.

Velocity. Half-hearted, slow searches are a problem. The uncertainty is hard on lower levels, it's hard to maintain focus on hiring the right executive over long periods of time, the work the future new hire should be doing is languishing and worst of all, you may end up with only one good candidate at a time, with no real options. Driving strongly into the process gives you the best chance of filling it sooner, and having several excellent choices from which to select the most ideal candidate.

Compensate Well. The salary and bonus of a top executive will be far smaller than the cost of their mistakes or the profits from their successes. So why wouldn't you pay that extra 10 or 20% if it means you attract amazing talent? Having said that, expect what you pay for. If the person you hire turns out to be ho-hum, send them packing quickly.

Alignment. At this level, it's like a marriage, so take the time to see if the candidate's future career path is fully aligned with the company's future. So if that CFO needs to take a company through IPO to push her career to the next level, and the company is IPO bound, we have great alignment. Without excellent alignment, motivation and results will be poor, and the relationship will be short lived.

Fun Factor. A supercharger for a CEO is having interesting, stimulating, fun executives. The ideas and creative juices flow at an accelerated rate. A great executive is generally not like *medicine* for the CEO, they are like *candy*. If you get that icky feeling, don't hire, even if the resume and your team say he's great.

**Know Someone that Should Subscribe?**

Please encourage them. It will be good for both of us. Send them to: [www.ceotoceo.biz/insomnia.html](http://www.ceotoceo.biz/insomnia.html) to look at a few issues, and the link to sign up is on that page.

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dropped 25% industry wide just two months ago. Slash costs, rev the sales engines or both? How?

- ♦ **An economist please.** I get calls from my network all the time asking for referrals. This CEO needed an economist for some analysis of global trends. Please call me to ask if you have a need for your firm.

**Presentations**

*(I'm always interested in speaking opportunities)*

- ♦ **Tuesday June 1, 2010, 7:30 am (San Francisco)**  
The Association for Corporate Growth has asked me to Moderate a panel of experts, "Getting the Right Executives on the Bus: *Challenges and Best Practices for Sourcing and Hiring in 2010*". Attend as my guest. More details [here](http://www.acg.org/sanfrancisco/events), or at [www.acg.org/sanfrancisco/events](http://www.acg.org/sanfrancisco/events).
- ♦ **Tuesday, June 8, 2010, 12:30 (Oakland) Keynote.**  
"Building a Plan for Business Development through Strategic Networking", delivered to [Nor Cal CCIM](http://www.calccim.com) (Certified Commercial Investment Member), a commercial real estate group. Non CCIM attendees welcome, even in you're not in real estate. More details [here](http://www.calccim.com).
- ♦ **Thursday, June 24th, 11 to 1pm (Palo Alto)**  
"Mergers & Acquisitions: Tipping the Deal in Your Favor". I'm moderating the panel of experts. For more information & to RSVP, please visit [www.orioncg.com/deal](http://www.orioncg.com/deal).
- ♦ **Thursday July 22, Evening** , Keynote for Haas Alumni Association, "Defeating Corporate Distraction".

Team Fit. Management is a team sport, and the team has to accept the newcomer. The team should be deeply involved in the process of

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saying yes. If the candidate is married, their spouse is their team. Spouses are really important before hiring, and after hiring. The teams should not just be focused on work experience, but on culture/personality fit.

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Communication. There should be lots of this before tying the knot. I'm not saying it should be dragged out over a long period of time, but the top team should really feel like they know the candidate well. This does mean hours and hours (if you have a larger team), and several meetings/meals. One CEO I just talked to spent three days at the company he had been asked to lead, conducting 3-4 hour meetings with board members and key executives already on the team. There are a variety of assessments that can help shed light on a candidate too. If the candidate is high level, they might be interested in seeing your assessment profiles too. It's a joint decision.

Share your Nightmares. One way to get to yes is to flush out all the worries, objections and concerns that make both parties hesitate. I call it the nightmare list (*which precedes insomnia*). Both parties should lay their nightmare list on the table, and openly discuss them. In some cases, such a discussion will make it obvious that everyone should walk away—a successful outcome! In other cases, a new level of understanding and trust is established, and things move forward.

Avoid Settling. Too many times CEOs hire the "best they can get", but it's not a great candidate. That's a shame. Some best practices that help us avoid settling are having multiple great candidates to choose from at the same decision point, hiring long before you are desperate to fill the position so you're never up against that wall, and to do the search in a hard and fast mode, so you have time and energy to re-start and do it over again.

On-board Well. Is there a bigger crime than hiring a great executive then ignoring or undermanaging the critical on-boarding phase? In those first 90 days, if things go poorly, enough toxins can be created to poison and kill even the perfect top team hire.

An all-star top team is what every CEO wants. We certainly want to retain the great team members we

have, but when the business requires that we recruit from the outside, using the right processes and techniques will reward you with the right executives.

*Robert Sher is principal of CEO to CEO, specializing in assisting CEOs and business leaders as they navigate critical passages. He is the author of *The Feel of the Deal; How I Built a Business through Acquisitions*. He may be reached at [Robert@ceotoceo.biz](mailto:Robert@ceotoceo.biz).*

### **Panel Moderator on June 1 (SF): Getting the Right Executives on the Bus**

Recruiting executives is a growing issue for CEOs as their businesses grow more rapidly, and as executive's career mobility confidence rises and they look to change companies. I've been asked to moderate a top panel on June 1 at 7:30am in San Francisco on just this topic. The title is "[Getting the Right Executives on the Bus: Challenges and Best Practices for Sourcing and Hiring in 2010](#)". If you've seen me moderate, you know I'll drill down deep into the subject to extract as much useful, actionable information from our panelists. [Click on the link](#) to read all about it and to sign up. If you're receiving this e-mail from me, please consider yourself my guest, which will entitle you to the ACG member rate of \$35. If you're thinking about joining ACG, [click here](#) to learn more.

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