

The Insomnia Factor

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

The Monthly Newsletter
of CEO TO CEO

Defeating Corporate Distraction

If I had just one wish I could make on behalf of chief executives everywhere, it would be to defeat corporate distraction. Distractions impact strategy and execution alike, and are both human and institutional. Collectively, these distractions deplete cash, destroy performance and stymie growth. If my wish were granted, I'd wager that both top and bottom lines would double.

Please realize that if one ever gets just one wish, the choice is a monumental judgment call. The issue is not just what one *should* wish for, but what one chooses *not* to wish for. I realize that I'm *not* choosing to wish for the perfect strategy, not for a big pile of cash to fuel the business and not for a ground breaking invention. I'm wishing for the defeat of corporate distraction because in my 23 years as a chief executive and from the hundreds of CEOs I've heard and helped, the most pervasive

problem is being distracted from pursuit of the prize. In most cases, CEOs already have ideas about what the prize looks like and have a good idea about how to attain it. Most of my work today is helping chief executives see the prize with greater clarity and conviction, helping them to see the path to the prize, and then helping them beat back all of the distractions as they navigate down the path toward the prize.

“There are a dozen distractions that I encounter most often...
The Dirty Dozen.”

I'm finding that there are a dozen distractions that I encounter most often. I'm calling them “The Dirty Dozen.” For each, I'll present how I've seen the distraction present itself, how it's caused the greatest damage, and what the key strategy is to mitigate the distraction. I say mitigate the distraction because in truth, they'll never be fully defeated. The distraction at hand may be defeated, but tomorrow will be a
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Robert Sher

June 30, 2010

Good news is spreading and positive things are happening more regularly. Over the past six months, I've felt the effects of the recovery sparking growth and initiative in companies and fellow service providers in my circle. But last week on Wednesday, my eyes popped open at 3:46 am with an adrenaline surge that came from excitement and anticipation. I've had a rash of interesting situations to work on and apparently not enough cerebral compute time, hence my rare bout of insomnia. But bring it on! What a great thing to lose a little sleep over!

Read on to hear some of recent work that's got me so excited, and enjoy the start of the multi-part essay titled, “*Defeating Corporate Distraction.*”

CEO TO CEO

Assisting business leaders as they
navigate critical passages

The Insomnia Factor • June 2010

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new one, a variant perhaps. Distractions will always be there, always decreasing our performance. But if we are aware of them and actively employ effective strategies to keep us on our path, we'll find our prize sooner.

All twelve distractions are controllable to a large degree. The first three are strategic in nature. The next four relate to planning. The last five are about people. But the order in which I will discuss them is no reflection on importance. Each organization is afflicted with a different mix of distractions, and you will find one or more that will immediately resonate with your personal experience.

This issue of The Insomnia Factor will cover the first distraction. Successive issues will address a few more of the distractions in order, until the series is complete.

The Dirty Dozen are:

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| 1) <i>Strategy Tinkering & Obsession</i> | 7) <i>The wheels coming off the bus</i> |
| 2) <i>M&A and partnering mistakes</i> | 8) <i>Misplaced loyalty</i> |
| 3) <i>Running out of money</i> | 9) <i>High-maintenance employees</i> |
| 4) <i>The data and analysis obsession</i> | 10) <i>Too much one-way communication</i> |
| 5) <i>Debates without decisions</i> | 11) <i>Compulsive micro-management</i> |
| 6) <i>Functional areas not synchronized</i> | 12) <i>The unpredictable boss/leader</i> |

Distraction #1: Strategy Tinkering & Obsession

I love working with really smart people and most CEOs are remarkably smart. They can visualize competitors, substitute products, emerging markets, technological shifts and threatening risks all at once. Strategic thinking rarely leaves their heads. They love to dream about the possibilities, figure out puzzles and innovate. Most realize that at some point one must make a judgment and start the business, and they do.

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But the strategic thinking continues. For example, as they sit at their kid's six-hour swim meets, appearing to be watching swimmers, they are turning over variations of strategies in their heads. At other times, they miss hearing the reminders that their spouses give them about chores and duties – because their mind is humming away. And who can blame them? Thinking about strategy is

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Recent Client Work

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I help my clients in many different ways. The best way to know what I do is by reading these examples of very recent client work.

Before he is Deceit After delaying retirement due to the downturn, this owner and his wife retained me to lead them through succession to the management team, which has grown nicely in the two years I have been engaged. He said, "Within three years please, before I'm too decrepit to enjoy retirement."

The Team that Wasn't The CEO thought I'd help him focus and show his top team how to step up their game, but very quickly it became clear that the team wasn't capable. Sometimes you have to downshift before you accelerate.

Stepping up the Game This growing company's CEO has brought in a new team to take the company to the next level. He's retained me to coach *him* up to the next level and keep ahead of the new executives he's hired.

Welding the Wheels on the Bus I was pulled in when the stream of incoming business became a waterfall. With an offsite we pulled together a two month operational plan to keep the wheels on the bus, with a "long term" six month plan coming next.

A Half-a-Million Dollar SURPRISE My client called with some bad news that he didn't think he was insured for. I referred him and his "worthless" insurance policy to a lawyer with insurance expertise. He was surprised, to say the least, when the insurance company settled and sent a check for \$500,000.

(Corporate Distraction - continued from page 2)

interesting and fun, and is required at key junctures and strategic turning points for any business.

As an example, I recall one company I was involved with in the on-line business to consumer information space that has a steady business, churning out cash flow and profits year after year. The CEO had brilliant insights into the consumer profile and had a great idea about the next generation product that would leap ahead of his competitors. On several occasions he put together plans for the next six months to begin stepping in that direction, but each time, after a month or two, the CEO made big changes. Sometimes it was a new, “better” idea. Another time the change sprang from meeting an executive with special talents, and the CEO wanted her in the organization—to focus on her area of competence. Other times operational hiccups pulled resources and attention away from the strategy. A year later, nothing new had been finished. The core of the business was still generating revenue, but there was no growth. Worse yet, the leadership team believed that “change was the only thing they could count on” and knew not to be surprised if last month’s strategic priority was washed away by this month’s idea.

Strategy becomes a distraction when the company and its leadership are driving hard toward a specific goal or mission. Complete focus on execution is often required. Hard decisions are made about allocating resources to the primary goal. The troops are marching forward. Then, out of

the blue, comes talk of a different objective. Talk about a new competitive threat. Talk about a new opportunity. Some of the troops scatter to reconnoiter the new strategy. One battalion thinks the core goal has been replaced, and marches off to the left. Another does an about-face, feeling upset about all their hard work being wasted. Progress toward the core objective is slowed or stopped, and significant effort will be required to get them pointed back in the right direction.

Sometimes it’s an over-exuberant CEO who starts the distraction. Sometimes it is discord in the top team that keeps multiple conflicting strategies alive. With the ultra-connected world we have, anyone in a company can be aware of the external environment, and sometimes the workforce distracts themselves based on the news they heard on the web.

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Presentations

Wednesday, July 21, 11:45 am to 1:30 pm (San Rafael) **“Delivering HELP in your Circle: Strategic Networking for Business Development”** delivered to a chapter of the CalCPA Education Foundation. Non-CPA’s are welcome, and 1 CPE credit will be earned for attending this event. **Click [here](#) to register.**

Thursday July 22, 6:30 to 8:30 (Lafayette), Keynote for Haas Alumni Network, East Bay, **“Defeating Corporate Distraction.”** This is for Haas Alums only, so come if you qualify. **Click [here](#) to register.**

✿ Referral Hall of Fame ✿

Thank you to those that have referred me to a chief executive or a speaking opportunity! Referrals are how I grow my practice.

John Reese with Expense Reduction Analysts referred me to a CEO.

Tila Taine with Comerica Bank referred me to a chief executive.

Danielle Broude with Bernstein referred me to a chief executive.

Andy Mowat who got snapped up by [www.elance.com](#) precipitated my look at what they’re up to which led to the new design of this newsletter, via [elance.com](#).

Chris Di Pasqua with Burr Pilger Mayer referred me to a speaking opportunity to CalCPA.

Know someone who should subscribe to *The Insomnia Factor*?

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

CEO TO CEO



Top Team Professional Development

– Peer to Peer Style

Every CEO wishes for a top team that works together seamlessly and understands the needs of the business from the CEO’s perspective. Executives on the top team want an upwardly mobile career track and to make a big impact on the success of their company. But the rate of growth of an executive can be limited by the company’s situation and the depth of the experience surrounding them. I have a great solution.

I’m bringing together executives that report to the CEO into peer groups that meet regularly to learn from each other as they tackle their own real world issues and opportunities. I will be personally leading the first few groups. This program is called Top Team Alliance and will be under the auspices of the Alliance of Chief Executives. Each group will have a blend of top execs, including finance, operations, legal, HR, engineering, product development, sales and marketing. Just like the Alliance groups for CEOs, the meeting time spent together will be spent on member issues exclusively.

If you know a top team member that could benefit from such a group, please introduce us. [Download more information about Top Team Alliance here.](#)

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Strategies for Mitigation

No CEO or top team should ever stop thinking strategically. But such thoughts and discussions should be done separately from the execution team. Top level executives should be easily able to discuss future strategy without confusing it with current execution priorities. But it will drive lower levels crazy with distraction, especially when the new strategy might mean an about-face. If the reconnaissance work to explore a strategy requires more than discussion, a separate team should be assembled to do just that, and to keep it low-key. Most strategic ideas that at first appear brilliant, upon review are discarded. Best that this happens in the background, over and over again, until one new strategy rises to the level of a rollout into execution. Once the strategy is being executed, communication from the CEO and top team should be regular and consistent, keeping everyone focused on the strategy in play. ■

Next month’s issue of *The Insomnia Factor* will focus on Distraction #2, “M&A and Partnering Mistakes.”

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.



21001 San Ramon Valley Blvd, Suite A4101 San Ramon, CA 94583
 e: Robert@ceotoceo.biz Cell (best): 925-788-1141 Office/Fax: 925-829-8190

www.ceotoceo.biz