CEO to CEO Inc.

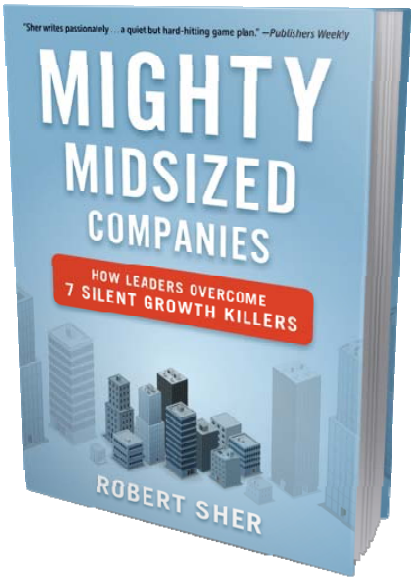
MAKE IT MIGHTY

PARTICIPANT NOTEBOOK

FOR: _____

(enter your name here)

TODAY'S AGENDA



1. Introduction
2. Mighty Midsized Companies
   – Thesis and Mission for the book
3. The Research Behind the Findings
4. Exploring the 7 Silent Growth Killers
5. Make it Mighty and Keep it Mighty
   –Attending to Leadership Infrastructure of Midsized Companies
6. Join in the Conversation

www.CEOtoCEO.biz ▪ office@CEOtoCEO.biz ▪ @Robert Sher ▪ (925) 829-8190
21001 San Ramon Valley Boulevard • Suite A4101 • San Ramon, CA 94583

CEO to CEO Inc.

MIDSIZED COMPANIES ARE DIFFERENT

For CEOs and the executive team, leading a steadily or rapidly expanding company can be exhilarating – that is, until the unique demands of running midsized companies envelop the team and put strain on financials, damage operations, and grind growth to a halt. Midsized companies are particularly susceptible to threats that are not the type of concerns experienced by start-ups or mega-large companies. These **silent growth killers** of midsized companies can drain momentum, sap energy and resources, and even put long-standing firms out of business.

Rob Sher is the founding principal of CEO to CEO, a consulting firm specializing in helping midsized companies improve their leadership infrastructure and accelerate performance. He is a regular columnist on Forbes.com and contributes to Harvard Business Review online, Entrepreneur.com and CFO.com. Rob publishes CEO Think: Blog and his newsletter, The CEO Insomnia Factor.

As a former CEO, Rob authored *The Feel of the Deal; How I Built a Company through Acquisitions* (2007). In his latest book, *Mighty Midsized Companies; How Leaders Overcome 7 Silent Growth Killers*, (Bibliomotion, Sep. 2014), Rob explores the silent growth killers of midsized companies.

Be sure to check out the last page of this workbook to learn how you can obtain Rob's 7 free self-assessment tools—one for each of the Silent Growth Killers.

Notes:

Exploring the
7 Silent Growth Killers

#1 Letting Time Slip Slide Away

Time—or rather, lack of appreciation for it—is the first silent growth killer. In order to overcome this killer, leaders must create a sense of urgency around deadlines by tying projects to the calendar—combining time boxing, expectations, prioritization and intermediate deadlines. This creates clarity and ongoing pressure, thereby leading to greater appreciation for time *and* better results.

Pick Your Winners and Make Them Shine

#2 Strategy Tinkering at the Top

For midsized companies, tinkering with the business's core strategy can be deadly, particularly when changes are made without proper research, planning and testing. Any changes made should be necessary, well-planned and in alignment with organizational goals. To ensure this is true, leaders should conduct strategic planning and operational planning as separate tracks and with a high level of discipline.

Invest in the Future. Reconnoiter, then Plan

Exploring the
7 Silent Growth Killers

#3 Reckless Attempts at Growth

In the effort to scale, organizations face increased risk and expense. If the attempt at growth costs too much and the revenue doesn't match the expense, growth won't materialize, but a cash crunch will. To determine the optimal spending velocity, leaders must objectively assess their level of confidence in market acceptance, execution ability and forecasting ability.

It's Not A Joy Ride. Choose An Attainable Destination.

#4 Fumbled Strategic Acquisitions

Acquisitions can be vital part of a growth strategy, but they can also derail an organization. Successful less than half of the time, acquisitions are less about the deal and the closing and more about what happens afterward: the integration process and execution of the acquisition plan. To beat the odds against acquisition success, leaders must carefully consider four critical factors: alignment with the buyer's core strategy; the M&A experience level of the buyer's executives; the fit between buyer and seller as to scale, culture and operations; and lastly, the discipline and focus of the integration process.

Don't Play to Lose. De-Risk or Pass.

Exploring the
7 Silent Growth Killers

#5 Operation Meltdown

A rapidly growing bottom line and a rigorously lean operation can be a death sentence under the cover of success. Leaders must be able to recognize four early signs that an operational meltdown is looming. They are: an overbearing sales culture; an outdated IT or physical infrastructure; a skills shortage; and too many eggs, not enough baskets. Further, leaders should reduce the organization's risk of an operational meltdown by creating operational resilience and gaining a firm handle on budgeting and forecasting.

You Become What You Deliver: Mighty or Melted.

#6 The Liquidity Crash

Running out of cash can happen to any organization—particularly those making reckless attempts at growth and those suffering financial erosion or a shock to the system. To sidestep this growth killer, leaders must learn to manage their balance sheet, aggressively cut costs upon sensing market weakness, maintain tight bookkeeping standards, relentlessly scan critical business performance metrics and ensure owner liquidity and alignment.

Your Balance Sheet is Your Airbag

#7 Tolerating Dysfunctional Leaders

Having a strong, high-performing leadership team in place is critical to growth and to overcoming the other silent killers—or better yet, avoiding them in the first place. Organizations must not tolerate high-maintenance leaders or those that are consistently underperformers—regardless of their popularity. Leaders must regularly assess the strength of the leadership team, and strive to reduce the range between the lowest and highest achieving performers.

If You Misplace Your Loyalty, YOU Become Dysfunctional.

CEO to CEO Inc.

PRESENTATION NOTES

LEADERSHIP INFRASTRUCTURE

CEO to CEO Inc.

Ten Point Action Plan

Adding More Discipline to Planning

Writing a simple plan for a project or campaign—even just a page or two– makes for better execution. Why? The writing forces more careful thinking, allows for better coordination between team members, and memorializes our best thinking. They also are helpful in getting approvals from the boss and other team members. Respond to these ten points below (pausing as needed to reflect, or to carry out research or discussions with others), and you'll be on your way to having a good plan.

1. Describe the project/campaign in general terms. (<200 words)
2. What is the purpose of the plan? What are we trying to achieve?
3. Who will lead execution of the plan? Who else will be on the team?
4. Why is it essential that we carry out this plan? What is at stake if we do not?
5. List all of the activities that need to be executed to succeed in the plan, in rough chronological order.

Task/Step Description	Task Owner	Start Date	End Date

   a) Also list the key decisions that will need to be made, and when (things like price, location, selection of partners/vendors, product features, etc.)
   b) Also list all the things we decided we WILL NOT do (so we won't have to debate them again).

6. What are the dependencies for this plan? List each person, departments, event or situation, or other thing upon which you will depend for the success of this plan.
7. What resources – both time and money – will be required to execute the plan? Be specific as to timing as well. Build a simple spreadsheet that shows revenues by quarter, and costs by quarter.
8. What are the contingencies that might affect this plan? Certain things that if they do happen, or don't happen, will change this plan?
9. How will we know that this plan has succeeded? What can we measure that will show the level of success, or lack thereof? What is the expected return on investment?
10. What are the biggest risks that are faced in executing this plan?

How to Adopt a Business Plan in a Sea of Resistance

By Robert Sher, Founding Principal, CEO to CEO *(Originally posted on Forbes)*

Like many technology startups that struggle with adolescence, Twitter has taken awhile to develop a solid business plan. But that hasn't bothered investors, which have plowed an estimated $900 million into the firm since its inception in 2007. "We don't necessarily have to start making a lot of money right now," co-founder Biz Stone told CNBC in a 2010 interview, a year before a Russian company invested $800 million into the firm. Stone may be right. With 140 million users, a good number of people are obviously getting value from Twitter.

But it's far less excusable for the average mid-market company to go without a codified business plan. Unlike Twitter, which sells something no one needed before they began using it, a mid-market company that manufactures pantyhose or sells legal advice absolutely needs a business plan. They're operating in markets where the rules of competition are far better established.

Mid-market companies especially need business plans if they someday want to become much larger companies. *Forbes* Global 2000 companies live and die by planning. Small firms don't need planning as badly because their CEOs can often manage the most important details of the business in their heads.

But middle market firms ($10 million to $1 billion in revenue) are at a size where formal planning and accountability truly matter. A 2011 study by Ohio State University and GE Capital of nearly 1,500 mid-market companies found that those with the strongest financial performance were far more likely to have the core elements of a business plan than the rest of the companies. Some 66% of the growth leaders had formal growth targets (vs. 31% of the laggards); 58% of the leaders formally tracked their progress (vs. 33% of the others); and 53% communicated their goals and progress to employees (vs. 24% of the rest). All to say that skipping business planning is a bad idea.

Over the last 30 years, whole forests have been felled so that books on business planning could be printed. Yet ironically very little has been written about switching on the planning process in companies that have long operated without one. It is a critical but delicate task. If you do it wrong, your managers will resist. They may even revolt. One successful online publisher that too aggressively implemented business planning watched 40% of the leadership team leave the company four months later.

Continued next page

At the very least, your managers are likely to miss their targets and engage in ugly plan review meetings. Their morale will sink, and they will pressure you to shelve the plan so things can get back to "normal." Normal means little accountability, which in turn means lower performance. Too many CEOs justify backing off planning by saying, "Now just wasn't the right time. We'll try it next year." While business planning is necessary to guide companies through treacherous markets, it is unnerving for managers who have never felt the performance pressure that a good business plan will induce.

Instituting a rigorous business plan is a complex rite of passage that CEOs must phase in deliberately but delicately, steadily ratcheting up of the pressure on their team to meet their targets. The lessons of several mid-market firms shine light on how to institute it without sending off fire alarms.

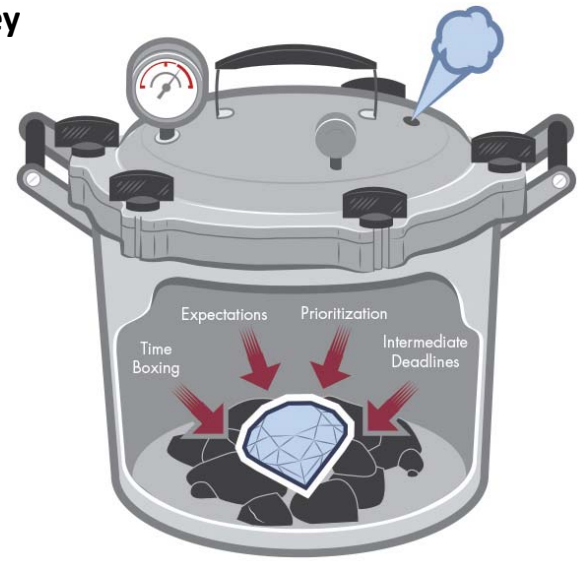
First, Steer Clear of the Common Pitfalls

Academics and consultants have created a cottage industry selling business planning processes. Many planning processes are designed to be instituted meticulously. When the CEO rigidly enforces the program, their team is likely to reject it. Helping an organization become excellent at planning is a process, not an edict.

Other CEOs worry about upsetting their team, so they create a plan with a clear direction but allow soft goals (e.g., "increase market share" or "improve customer satisfaction"). The problem is you can't determine whether executive team members have delivered or not. While this is much less threatening to executives, it rips out a critical element of planning and will decrease its effectiveness.

Another common but flawed technique to soften the blow is to reduce the internal exposure of each executive by having the CEO hold private one-on-one review meetings with each of his direct reports. It's less embarrassing if no one but the CEO knows an executive missed his targets. But hiding poor performers won't get the results that a good planning process can deliver. When each team member knows how others are performing every month, a funny thing happens: They all get serious about their own performance.

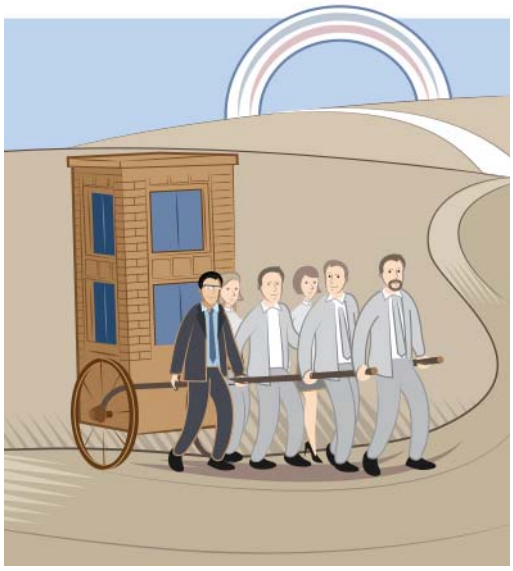
Increasing Pressure Slowly But Surely is the Key



Business planning, when done right, creates clarity for a management team: the markets to pursue and not pursue, the products to offer, the processes for bringing those products to market, and metrics to monitor progress.

But by mapping all that out, business planning also brings pressure to perform. CEOs need to introduce this pressure delicately -- low pressure for improvements in the first quarter, medium pressure in the next quarter, medium-high for the second half of the first planning year, and full planning pressure for year two and beyond.

Continued next page



One distributor in Sacramento, California started with eight plans two years ago (1 per c-suite executive), many of them measuring simple behaviors, like holding certain monthly meetings or getting the financial statements out in ten days or less. Six months later as the team embraced the planning process, many early objectives were adjusted, with measures that were more results oriented and trickier to achieve. This year with profits many times stronger and the growth rate more than double, the team is identifying and measuring big, challenging projects and objectives—and enjoying it.

My experience and 16 years of research by the performance research firm Elkiem have found that three elements of a business plan can slowly but steadily raise the pressure on managers to perform:

1. **Targets for both success and failure**. You must start with clear goals that are measurable and date-based. Goals are the definition of success. They should be just achievable—not stretch, and not easy marks. Don't start by defining failure, the point at which heads will roll. Threatening to jettison poor performers shouldn't happen in year 1 unless you're in need of, and ready for, a shakeup.

2. **Rewards for success, discomfort for failure**. At the start of the process, the CEO must act as a cheerleader, letting the team taste what it feels like to "win"—the emotional rewards for success. In the second or third quarter of planning, those not performing to plan should start to feel discomfort—things like team-wide brainstorming to help them overcome obstacles, more CEO attention, budget cuts or critical reviews. Some managers will try harder and improve their performance; others will resist the planning. Having a majority of your team adapting to the planning provides a counterbalance to those trying to avoid accountability.

3. **Exposure**. As soon as you create your business plan, you need to schedule monthly review meetings. Your entire management team must be present, and each executive must present his results. Just knowing that they'll be exposed to their peers creates significant pressure. For the first quarter, nary a critical word needs to be said by the CEO. But the CEO must enforce everyone's participation.

An engineering firm I worked with was overly reliant on its CEO for direction. He brought in business planning to provide a clear set of targets for each executive, and to raise awareness of broader business issues. As adroit project managers, they adapted quickly to the process. The CEO set attainable goals and adjusted them as the team learned exactly what needed to be measured. Their COO became the main driver of the plan review process. The entire executive team now finds it essential.

Yes, I know that Twitter hasn't needed a business plan (at least in 2012 when I wrote this article). But unless your company is inventing new markets, you do need one. Just be very careful about how you introduce it. **M**

About CEO to CEO, Inc.

We are a consulting firm of former chief executives that improves the leadership infrastructure of midsized companies seeking to accelerate their performance. **We help these leaders rapidly elevate their game and lead their companies to the next level and beyond.**

We work with the senior-most executive at companies or divisions with revenue ranging from $20 million to $400 million that are facing significant opportunities and challenges. Our clients are very talented CEOs and c suite leaders who nonetheless feel they are still learning their craft, realize their company's performance depends on improving their own performance and want to enhance their skills rapidly and on the job.

Our clients typically work in one of three types of companies:

- Closely Held or Family firms in which the CEO is often the owner/operator.
- Externally Funded firms (venture capital, private equity or public) whose CEOs are often the entrepreneur who launched the business
- Professional Services firms (law, accounting, IT services, etc.) whose CEOs rose through the ranks and now manage large teams of professionals.

We work with firms whose marketplaces are undergoing change and whose internal organizations have become more complex to manage. They turn to us to raise their skills in three areas: business acumen (competitive analysis, planning, M&A, financial structuring, etc.), leadership acumen (maintaining a high performing team, getting key stakeholders "on the same page") and interpersonal acumen (listening, emotional intelligence, and relationship management). We help them act with confidence to make critical decisions and lead their organizations.

As a result, our clients are far better able to help their companies meet their growth targets; solve both current and future challenges; gain confidence as leaders; raise the game of their leadership teams; and make them more accountable for results.

About Robert Sher

Robert Sher is founding principal of CEO to CEO. He was chief executive of Bentley Publishing Group from 1984 to 2006 and steered the firm to become a leading player in its industry (decorative art publishing). Sher and his partners bootstrapped the business, but key successes breathed new life and cash flow into the business. He led the acquisitions of four competitors between 1999 and 2004 and left Bentley two years later. The firm merged with Global Arts in 2011 to form Bentley Global Art Group.

Robert speaks frequently, and has published extensively on the successful leadership traits and skills of CEOs of midsized companies. He is a regular columnist on Forbes.com as well as CFO.com, authored his first book, *The Feel of the Deal; How I Built a Company through Acquisitions* (1toPonder, 2007), written numerous posts for Harvard Business Review online, and articles for many other publications. He also publishes his own newsletter, The CEO Insomnia Factor. His newest book is *Mighty Midsized Companies; How Leaders Overcome 7 Silent Growth Killers*, (Boston: Bibliomotion, Sept. 2014).

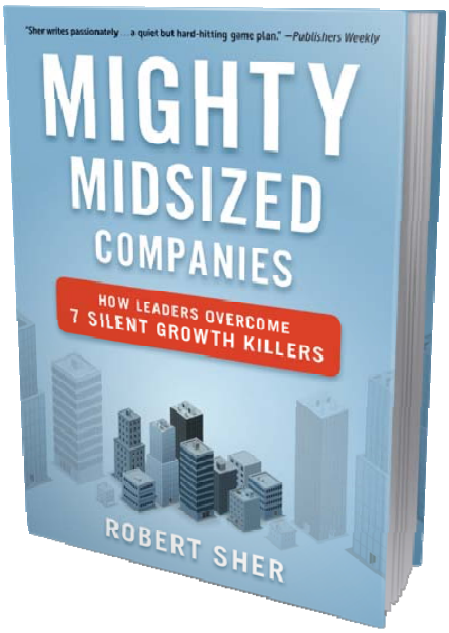
Robert received a B.S. degree in business administration from Hayward State University in 1986 (during which he ran a small business), and an MBA degree from St. Mary's College in 1988, where he was the recipient of the Jack Saloma Award for student citizenship. From 1995 to 2000, he taught MBA and executive MBA courses at St. Mary's on growing entrepreneurial businesses.

Robert and his wife Renee have two children, Ben and Jessie, and live in Northern California. They love sailing and travel.

Find us at www.ceotoceo.biz

CEO to CEO Inc.

THANK YOU FOR ATTENDING!



Available at Amazon and B&N

JOIN THE CONVERSATION

We are always happy to hear from you. Please share your comments

@RobertSher #MakeItMighty
Connect on LinkedIn: Robert Sher

Rob's column on Forbes:
www.forbes.com/sites/robertsher/

Harvard Business Review:
blogs.hbr.org/robert-sher/

CEO: Think Blog:
http://www.ceotoceo.biz/insights/we-are-published/ceo-think-blog.html

Saving Your Midsized Company from the 7 Silent Growth Killers

HERE'S HOW YOU CAN MAKE IT MIGHTY RIGHT AWAY!
To access Rob's confidential assessment tools
(one for each of the 7 Silent Growth Killers)
and receive instant feedback calibrated to your answers, visit:

http://ceotoceo.biz/mightytools

www.CEOtoCEO.biz ▪ office@CEOtoCEO.biz ▪ @Robert Sher ▪ (925) 829-8190
21001 San Ramon Valley Boulevard • Suite A4101 • San Ramon, CA 94583