STYBEL PEABODY & ASSOCIATES, INC.

Laurence Stybel, Ed.D., and Maryanne Peabody, MBA, founded Stybel Peabody Associates, Inc.

Newly Hired? Newly Promoted?

Structure a Platform for Your Success

Mid twentieth century American comedian Milton Berle had a popular television show. After being introduced, he would walk to the front of the stage while the audience politely applauded. With a grave expression, Berle would extend the palm of his right hand down. This was a gesture telling the audience to quiet down. At the same time, he would extend the back of his left hand while repeatedly curling and extending his fingers. This was a gesture telling the audience to keep the applause up.

His simple use of two conflicting messages delighted the audience.

The purpose of this article is to examine the Milton Berle Technique when used business with recently hired/promoted leaders.

There was a stated leadership mandate you were given at the time of hire/promotion. It can sometimes be read in the job description. It will always be stressed in job interviews.

These stated mandates often revolve around the theme of “good to great.”

There may also be a REAL leadership mandate you will eventually discover.

If you discover a discrepancy between the stated mandate and the real mandate, you are a victim of the Milton Berle Technique. We call this Stealth Mandates.

Three Leadership Mandates:

Leadership mandates fall into one of three major categories: continuity, good to great and turnaround.

Continuity means business as usual: carrying on policies, procedures and strategies. A typical example is the interim CEO, selected to maintain the status quo until a permanent CEO is found.

Good to great refers to Jim Collins’ bestselling book of the same name. A good-to-great mandate is essentially this: We’ve been doing fine, but we can do even better.   This is the typical mandate conveyed in job descriptions and employment interviews at the C-Suite level. It may or may not be valid.

Turnaround means dramatic changes are necessary: No business process, job or strategy is sacred. A typical example would be a private equity company firing the existing CEO and bringing in an outsider to bring new perspective to the existing operations.

Consistent leadership mandates for newly hired newly promoted leaders are ideal but they may not always happen. For example:

> Family Business ABC looks for a CEO to execute a good-to-great mandate. But after that person is hired, the founder of the firm remains on the board as chairman and major shareholder. The founder is willing to accept marginal changes in strategy and operations. The founder blocks many of the CEO's more drastic proposals.

In other words, although the CEO was given an explicit good-to-great mandate at the time of hire, the board is operating under a stealth mandate of continuity.

Why Do Stealth Mandates Exist?

Politics might be one compelling reason. With the case of ABC, the Board wanted to see drastic change AND it did not want the founder upset.

In our work with Boards of Directors, we also see Board of Director dysfunction. The Board is incapable of communicating a clear and consistent leadership mandate. Instead of settling the issue prior to the search, it uses one Mandate during the hiring and another Mandate once the leader joins the company.

A third reason revolves around confidentiality:

> Job descriptions are public documents. Who knows who will read them? It could fall into the hands of competitors, suppliers, and customers. When discussing their organizations with outside candidates, hiring authorities want to portray their organization in good-to-great terms, even if it is a fabrication. Candidates not selected are not bound to confidentiality. They may join competitors.

Only naïve job candidates accept what they are told during the job interview cycle.

In large organizations multiple mandates can often coexist. For example:

> One of our clients displays a classic good-to-great scenario with respect to operating results. But as far as corporate governance goes, the situation is turnaround. Another client has an overall good-to-great mandate, but two strategic business units are in turnaround mode.

We Recommend Candidates Ask Three Questions:

> (1) What needs to be changed within the next 12 months?
>
> (2) What needs to be honored or kept intact within the next 12 months?
>
> (3) What must be avoided at all costs?

Ask these questions. Do not expect to get total honesty.

Most job descriptions focus only on the first question ("What needs to be changed?"), thus giving a picture that is simultaneously valid and misleading.

Our three questions look at "change" as a three-dimensional concept:

> change, don't change, and avoid.

We make a distinction between "honored" and "kept intact:"

> In a turnaround situation, hiring authorities will be clear in stating that they find little that is worth honoring, but they might want to retain certain things as a matter of expediency. For example, "Don't deal with the purchasing system this year. Focus on the manufacturing operations. That's where the real fire is right now."

> In a valid good-to-great business, there will be a consistent message regarding the values and technologies that make the company so successful. These are the factors to build your platform for success as a leader.

After you have been at the company for two weeks, make an appointment with your boss and repeat the three questions you raised in the job interview. Now that you are on the payroll, will you get the same response?

Ask key stakeholders in your organization the same three questions. Any points of inconsistency should be explored further.

In addition to verbal responses, examine your new company's compensation system and termination policies.

REWARD SYSTEMS

In companies with a Continuity Mandate, reward systems tend to be variations of "If it isn't broke, don't fix it."

> For example, a company continues to tie its salary raises to cost-of-living increases, even if this means the firm is falling behind what competitors are paying.

The prevailing view might be, "People always complain that they're underpaid, but this doesn't mean we need to change anything. And there's no need to conduct yet another employee survey because our retention rates are just fine."

At the board level, look for in CEO compensation to rise even when sales and shareholder value declines.

These are cues to a Continuity Mandate.

In Good to Great Mandates, reward systems tend to be "Yes, and …" conversations.

> For example, “Yes, we’ll pay for the certification program you wish to obtain. You will be on the fast track for promotion opportunities.”

In Turnaround Mandates, reward systems tend to be variations of “No, not anymore.” For example:

> Employees are told, “Yes, I know we used to provide automatic cost-of-living increases, but we can’t afford that anymore.”

Termination Policies

In continuity situations, termination policies typically are set up so that they create as little disruption as possible. Departures are infrequent but the company tries to fill vacancies through internal promotions.

When staff positions need to be cut, management encourages people to take early retirement.

When employees are fired, the person leaving might be cast in the role of the “bad apple:” someone who did not play by company rules. Termination is often seen as a punishment and HR policies support the punishment thesis by aiming to reduce company costs as much as possible. Outplacement programs may not exist or may be of the “check the box” variety.

When a Good to Great Mandate is in effect, employees who are no longer qualified, capable or interested in remaining with the company have their departures treated with dignity.

> Appropriate severance packages are provided along with real outplacement programs that help them land on their feet.

HR policies do not focus on providing lowest cost benefits to terminated employees. The dignified approach pays homage to these employees for past services while helping them to a new future.

Many of these companies establish alumni programs for former employees.

In Good to Great Mandates, a person no longer on the payroll is considered a potential resource for talent or business.

A Turnaround Mandate is a completely different animal.

> Management's objective is simply to make terminated employees vanish as cheaply as possible with no negative legal consequences for the company.
>
> Employees report feeling treated with the same respect that the company provides its garbage. This treatment is not necessarily an example of ethically obtuse management. In turnaround situations, corporate culture and long-term reputation are not high on management's list of priorities, whereas reducing the burn rate of cash is.

Stealth Mandates: No Win Situations for You.

We call the business version of the Milton Berle Technique a Stealth Mandate.

When an executive discovers that a stealth mandate is in play, she needs to renegotiate the mandate.

> One important goal of that discussion is to establish realistic frameworks that will become the basis for the executive's future performance evaluation. All of this is much easier said than done, and management often will resist renegotiating a mandate, particularly if it requires people admitting to some ugly truths. Nevertheless, when an executive continues to operate in the shadow of a stealth mandate, she sets herself up to fail.

Consider the example discussed earlier of the CEO who was hired with a good-to-great mandate when the founder (and chairman) clearly had continuity in mind. What if the CEO had confronted the board to renegotiate his mandate? Obviously, this would have involved a difficult and potentially contentious discussion. But what is the alternative?

At least, the CEO might be able to negotiate a graceful exit.

This article began with a description of Milton Berle's famous routine of making two hand gestures that were logically inconsistent. Companies that present an executive with one leadership mandate while keeping a second contradictory mandate hidden are doing essentially the same thing.

The former is a foundation for comedy. The latter is a setup for tragedy.

**

Stybel Peabody provides companies with "leadership and career success" for valued senior level talent. Core services include retained search (Board members, CEOs, COOs, CFOs), leadership development coaching, and executive-level outplacement using the Stybel Peabody Five Distribution Channel System.

For a free 30-minute consult, contact:

Maryanne Peabody
Stybel Peabody Associates, Inc.
peabody@stybelpeabody.com
stybelpeabody.com
boardoptions.com