

The First Step toward Corporate Renewal: Simplify the Politics!

Tom FitzGerald

Tom FitzGerald is a bottom-line oriented business catalyst, CEO coach, and consulting management engineer. Specializing in corporate renewal, pre-emptive turnaround, and effecting major and sustained improvements in profitability, performance, and growth. He has worked with CEOs, Coos, and managing officers of more than 200 organizations in the US, Canada, and Europe, ranging in size from start-up to Fortune 500.

He is also an accomplished writer and speaker. He is a regular contributor to national and international business magazines like American Banker, CEO Refresher, The Journal of The Turn-around Management Association, Corporate Renewal, The Professional Journal, Association Management, The Forum, and others.

"Simplify the politics!" "Simplify the politics!" I heard him use the term twice: once, the first time we met, when he hired us to help with the turnaround of his company. He was the newly appointed CEO; his company was large, a household name, with tens of thousands of workers, faltering badly. He used this term to describe the essence of the philosophy he would use to stop the bleeding, reverse the downward trajectory. It was the axiom around which he would base his work.

The second time was the last time we met: the project successfully was completed, the massive hemorrhage of value stopped. The company, again in the black, was making serious profits. More importantly, it was alive--vigorously, confidently competing in the marketplace, a force for its competitors to reckon with again.

That second time, he presented it as the very core his management practice --that which should be used by all managers, from corporate officers to the front line supervisors, in good times and in bad. He counseled us to use it in our work. I watched him live it. It made so much sense. I had seen its effects in action thousands of times in our practice-- more often in the breach, though, than in the observance. With a moral certainty, I knew it to be true. Still, I needed him to articulate it for me.

I thought of it as his mantra that preceded him and followed him everywhere he went-- the offices of his people, the plants, and warehouses. I heard it whispering in the air as he communicated with his workers, spoke on the phone, or wrote a memo. I felt it permeate his meetings, where a new future was being claimed.

We used it in our work, talking about it with every CEO with whom we met. Almost all agreed, upon reflection, that the concept was true and made sense. However, we soon discovered something unfortunate: few CEOs could actually implement it--even with a financial crisis driving acceptance. In good times, it was even harder gain acceptance. Many leaders made serious and sustained efforts but were still rebuffed by their corporate culture. Still, there were a few successful attempts.

Systemic Improvement

Though it happened rarely, when the politics were simplified, we observed a surge in profits and an improvement in business performance each and every time. This surge was not dependent on strategic changes or altered tactics. Rather, it was driven by systemic improvement in everything that happened in the company. Moreover, it occurred very quickly, seemingly having an almost instantaneous effect on performance. It was independent of industry, too.

The First Step toward Corporate Renewal: Simplify the Politics!

Tom FitzGerald

The Search

Because the potential benefits to our clients were so great, we kept hoping to find a way that would permit a CEO "simplify the politics." Eventually, of course, we did. And that simplification has become the major focus of our practice.

Some call what we do "turnaround" and it is. But because we commonly do it much earlier in the downward slope phase, "preemptive turnaround" or "early-decline turnaround" are better terms. When used in healthy companies where the results are even more remarkable--the majority of our clients-- "profit improvement" and "corporate renewal" are more appropriate still.

But the name doesn't matter. Indeed, by whatever name, once the politics are simplified, profits improve and companies are strengthened.

Though the search was extensive and, often, disheartening, when everything finally came together, it did so by a series of accidents or, perhaps, what could more correctly be described as coincidences. First, with our office lease expiring, the files of some two hundred organizations with which we had worked had to be either moved or dumped--the latter seemed preferable. Second, experiencing a joint sensation of compulsion and nostalgia, I felt obliged to review the files one last time. For each one, I noted the core issues that had driven events--positively as well as negatively--in that organization. Remarkably, I felt more prescient now than originally, brimming with insights into the real issues.

Some of the issues were financial. Some were the early warning signs of corporate trouble. But a majority was the kinds of things that never appeared in the business literature. A few were downright bizarre.

Finally, a new client would significantly impact the course of things. Though the company wasn't in trouble, its CEO believed that a substantial improvement in performance was both feasible and necessary. He was optimistic despite having already tried a multiplicity of management programs that had failed.

The Program

So we put together a program that was different, one that could be boiled down to a few steps:

1. The issues culled from our two hundred files were turned into a survey-- most of these issues had never been considered related to business performance.
2. All the managers and supervisors of the company were given this questionnaire and all responded. (This replaced the traditional interviews consultants conduct and at a substantially lower cost to the client.)
3. We held an open feedback session in which the senior managers did the analyses, not us.

From that first feedback, the methodology came together. We had discovered the way to simplify the politics!

The First Step toward Corporate Renewal: Simplify the Politics!

Tom FitzGerald

We had known for years in our turnaround practice that the financial factors of a company could and were often ignored by management, by the CEO, by the board—that is, until disaster struck. Even after that there would often be denial. That was why we were in business. It's as if financial factors have no power over people's minds. It makes no sense, but that is reality.

From our due diligence work, we knew that the early warning signs were quite ignorable. Again, that was why we were in business. However, from that first feedback session, we found the factors we were asking the management team to face couldn't be ignored. Though the managers didn't like the answers they had received, they were fascinated by them. Indeed, they were both repelled by and attracted to them.

Clearly, they were looking at that part of the soul that they knew they would have to change if they wanted anything to really change. They wouldn't and couldn't walk away; though they must have felt a great desire to do so. It was as if the subject matter held its own fascination beyond the banality of finance and the early warning signs. Without a doubt, nobody liked what he or she saw. Not the managers. Not the supervisors. And the workforce was saying exactly the same thing.

Sadly but undeniably, everyone in the room with us was responsible for the behaviors. Everyone had continued to do them, to be them, really. But everyone knew that if they could stop behaving that way, things could be better for all.

Yet, everyone blamed everyone else—especially those higher up, or over there, or in that other business unit, even the customers. The things they said about each other! They were justifiable, too—at least, some of them.

The Business Performance Drivers

We later called these factors business performance drivers, because they are the cause and, even, the roots of corporate behavior—i.e., the attributes that generate performance. There are more than a hundred of them, each able to impel or retard—depending on their value—organizational performance. But it also turned out that these drivers possess the seeds of their own change. That is, they even have within them the motivation for their own transformation. In fact, the management team confronted these drivers and, in evoking their own emotional responses, caused the politics to be simplified. Consequently, despite a recession for their industry, within a year that company increased its profits by 10%. More importantly, the operating dynamic of the company was changed.

What are these performance drivers? There are more than a hundred but the most obvious, of course, is morale. However, much more important are such things as corporate decisiveness, acknowledgement of work, communication of vision, integrity of management, relationships of managers. (A fuller list is available

The First Step toward Corporate Renewal: Simplify the Politics!

Tom FitzGerald

through our website <http://www.ManagementConsultants.com>)

The Process of Simplification

It was our client who created the process, not us. It is as if the process were here, implicit in the questions and the responses, waiting to be uncovered. Since then, we have improved on and modified it. Moreover, technology has made everything happen faster, better, cheaper. But the process that came together then remains the same.

What was the process? Simply stated, the CEO and the management team looked at their own responses and the responses of their people, and on each and every issue, asked themselves these questions:

- What is the real answer?
- How do we FEEL about this?
- What should we be?
- What do we commit to do to achieve it?
- What will I (by name) do? When? Who will check it?

Initially, a sense of helplessness and hopelessness pervaded everything and everybody. No one knew how to break through. Individually, they had all known what the matter was, and what the results could be. But it was as if the collective, the entity personified by the management team, had not heard, and was thus condemned to going on as if it were deaf and unknowing.

However, the corporate entity, the spirit of the company, was now confronting the issues. We were merely the process catalysts. We watched the transformations occur. Because that was what was happening: Transformation!

The mechanics of the process are easy to explain. What happens within the process, however, is very difficult to explain to those who have not undertaken it, because feelings are what drive it--not the actions themselves.

We did not have words for it then, but later we were told that the classic process of human spiritual-emotional transformation had been applied to a corporate entity: First there was revulsion--collective revulsion--at what they were seeing. Next, there was an emotional discharge: *Catharsis*. Then, an immediate investment/commitment of that same energy into a new vision of the company, a new way of being: *Cathexis*. In fact, the room was filled with energy that had to be channeled. We were out of the business of cerebral consulting but into renewal of the corporate spirit. Finally, something else began to happen. Quite spontaneously, the team began to take on the early warning signs that no one had wanted to address before.

The First Step toward Corporate Renewal: Simplify the Politics!

A JOURNAL OF STRATEGY & BUSINESS TRANSFORMATION

Tom FitzGerald

Everyone in the business world knows that the entire management team of a company must be as one on each of the warning signs. Early warning signs are leading and collateral expressions of performance. If the team members are not together, they will make conflicting decisions, or worse, bad decisions. Think of the disparate decisions that can result from conflicting views of the cash flow position. Cash flow is just one. There are fifty other warning signs.

The energy invested in the new beginning, the cathexis, had come initially from the revulsion with the old. It was coming out of the politics that were getting simpler.

Soon energy was creating itself from sheer delight with the vision of the new that was being generated. That was being invested too, creating still more ideas. Action steps were accepted, written down, and committed to, to implement these new ideas too. Then it was over. The company was different. It was different in a most profound way: the misunderstandings, the animosities, the lies, the reluctancies were gone, burned out in the fire of the process. The politics were simplified; in over a hundred different ways they were simplified. The management team was together; the company was as one.

It is not really hard to do, this simplifying of politics-- once you know it can be done, certainly not after you have seen it done.

It makes money for the company like nothing else that we have seen, and quickly. Costs, even when using facilitators, are minimal; a first year ROI of 20:1 or better should be expected.

All it takes is a CEO with the desire to make things better, a CEO with the courage to make the managers look deep into their companies' souls and not flinch, a CEO who will say, day after day: "Simplify the politics!" And who will actually do so.