

# THAT SINKING FEELING

The new CEO of a UK financial services business knows that its apparently successful strategy will not carry it through a recession. He has a plan, but how can he make the firm listen?

John recently stepped up to run the UK subsidiary of a much larger overseas-owned consumer financial services business. After spending his first few months handling legacy operational imperatives, such as moving to a new technology platform by downsizing the employee base and infrastructure, John now has time to re-examine strategy in light of the gathering recession.

For some years, the business has maintained its credit rating and, through that, the availability and price of its financial facilities by successfully managing key ratios. It has done so by selling unprofitable, lower risk products in market sectors in which it enjoys no competitive advantage (good for key ratios), to support the sale of higher risk and more profitable products in sectors in which it can compete well (not so good for key ratios). John wants to change this Catch 22 but not expose his parent organisation to a potentially lower credit rating.

Neither John nor most of his top team believe the business is well-founded for the long term. This, combined with the downsizing, is significantly affecting morale. John believes that if he can focus on the higher risk products and market sectors, he can galvanise his talented team and rebuild a profitable business. But how can he escape the Catch 22 and move forward?



## LINDA FEERICK

Executive coach, The Alliance

I would start by encouraging John to move from feeling stuck with his current Catch 22 situation to a more confident and inquisitive way of thinking.

There is a range of issues here: testing hidden assumptions (John's either/or approach); facilitating employees' adaptation to recent changes; managing business transformation (aligning people and processes); establishing himself as CEO (resisting the urge to provide all the answers); collaborating effectively with colleagues; and managing stakeholders.

It is tempting during a transition to focus on tasks. However, Tosti and Jackson's alignment model ("Alignment: how it works and why it matters", *Training*, April 1994) emphasises the importance of considering the "how" as well as the "what" in achieving business success.

While John should test out assumptions with key business stakeholders, he also needs a strategic proposal prepared with, and supported by, his team. John might reflect on how to integrate the resources available to him, particularly the diverse strengths of his team, in developing a new strategy. Research

by the Corporate Leadership Council in 2002 demonstrated a significant improvement in performance when teams focused on strengths instead of weaknesses: 36.4 per cent versus a 26.8 per cent drop, according to Alex Linley in his book, *Average to A+: Realising Strengths in Yourself and Others* (CAPP Press, 2008). This could be vital to success in a higher risk business.

I would encourage John to take time with me to reflect on his role and centre his leadership style on his strengths. This would enable him to be more confident in leading a redirected business with stakeholder support.

“There is a significant improvement in performance when teams focus on strengths rather than weaknesses”



## STEVE WIGZELL

Partner, Praesta Partners

John is making attributions about the parent company's position on its UK subsidiary that would benefit from being tested.

To do so, he needs to start having the kind of open, adult-to-adult conversations that the UK subsidiary has not previously had with its parent. This will get him into an "I'm okay/you're okay" space, both with his boss and the group chief finance officer.

John also has to be prepared for a decision he might not like – once he kicks off these conversations, they could end up anywhere.

We would therefore work on John's state of mind, map out the sequential process of engagements he would need with his colleagues, rehearse the opening lines of the initial conversations, and then play out "What if?" scenarios relating to how those conversations might go.

Once he is prepared and feels confident, John will be able to embark on the communication process with his colleagues. The maturity of his presentation will hopefully prompt a thoughtful and considered response – from the bottom all the way up to the group chief executive officer.

Some of the attributions John has made are likely to have been accurate: when presented with the information, the parent company's view about the way forward could well be the same as his, despite the substantial risks and challenges involved.

John's task could quickly change from one of producing a co-ordinated action plan, involving senior parent company colleagues and his UK top team, to producing a business transformation upon which he can enthusiastically embark.

“John has to be prepared for a decision he might not like – these conversations could go anywhere”