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GOT IT!

Myth #1: High-impact executives encounter no surprises when stepping into their new position.

When Bank One came calling, it was an offer Jamie Dimon couldn't refuse.¹ First of all, he hadn't worked for a while. He had plenty of job offers, but he was waiting for the right one. As he was talking to Bank One, he realized that in spite of some drawbacks—like having to move his family from New York to Chicago—he wanted to join the company. He knew financial services well. And really, how many large banks come calling to offer you a job as CEO? He was 44 years old, and he thought, if you're given an opportunity like that, you don't get to pick and choose all the details—like the fact that, at the time, Bank One was in trouble. With a recession looming, Dimon knew he'd have to move quickly to turn it around. He truly needed to have a sudden impact.

So when Dimon arrived for his first day on the job, he was hoping for a positive beginning—and then to hit the ground running. Instead, he felt blocked at every turn. Dimon is often characterized by the press as a gunslinger, but my first impression of him when we met at Bank One's executive offices for our interview was that of a regular guy—a banker not even wearing a suit—with an open demeanor and relatively easy-going manner. The “dynamo” the press often cites could be seen in his intense, active listening. You can almost feel his mind accessing data in nanoseconds as he listens to you. A charismatic man of unpredictable yet decisive action, he was exactly what Bank One needed—even if some members of the board weren't ready to fully support his tenure in the beginning.

Indeed, his tough first day on the job began with a board meeting. With a total board membership of 19 at the time, only six

board members stood to shake his hand. The rest didn't greet him at all. He sat down and said, "My name is Jamie." That was the extent of his welcome and introduction.

He'd read in the newspaper that many of the older board members were against him and had lobbied for Bank One's interim CEO to take the position permanently. But since he also knew that ultimately he was the unanimous choice, he simply hadn't expected such a frosty welcome. What's more, no one offered to show him to his office. At the end of the meeting, as the board members were getting up to leave, Dimon himself had to ask: "So where's my office?" Someone pointed him in the vague direction of a big corner office that had belonged to the acting CEO. Dimon didn't want to take it but said, "OK." He even had to track down the HR guy himself to get an executive assistant. A bad first day indeed for a guy who had made his daughters change cities and schools for this job, as well as having left his parents—and weekly family dinners that had been important to them all—behind in New York.

The CEOs I interviewed for this book didn't all encounter such chilling surprises as the in-your-face rejection Dimon received on his first day at work. But the reality is that even high-level executives like CEOs don't often walk into the job holding all the cards. Surprises can and do await them—and how they deal with the unexpected can mean the difference between making a sudden impact or not. Several factors come into play, but one of the biggest is how their succession occurred.

Succession Matters

The circumstances of becoming CEO are as varied as the people in the job. Some came up through a series of promotions within the organization; what Ed Zander of Motorola would call "growing organically." Others parachute into the top job, usually in times of leadership crisis manifested by unexpected negative financial indicators—flat earnings, falling revenues, or stagnant growth. And while most new CEOs enter the job with the board's unanimous

approval, some come in with reluctant board support, which clearly affects their first days on the job, as Jamie Dimon learned all too well.

Those who have risen organically—meaning they were already working in the company when they were offered the top job—often have the benefit of a break-in period so they usually face relatively few surprises (although we'll see at least one exception to this rule in this chapter—the case of the sudden death of one CEO). Usually, they were first promoted to chief operating officer or president with the implicit, or sometimes explicit, understanding that CEO would be the next step. When explicit, the designated leader has an incredible advantage in proactively selecting his or her future team and both influencing and planning change to the organization and its strategy. In contrast, most CEOs parachuting in from outside the company have little luxury of time, planning, or contemplation and can find themselves caught completely off-guard.

Parachuting In

The following stories highlight how three CEOs got their jobs from the outside—and the kinds of surprises that can go hand-in-hand with such situations. They also show where additional information might have helped these CEOs, and cases where no matter how much information a candidate has before accepting a position, sometimes nothing can replace being there to understand the true realities of the job.

Ed Zander, CEO, Motorola. Believe it or not, given his current high-profile enthusiasm in the press, this is the story of a reluctant CEO. In fact, when Ed Zander took the helm at Motorola at age 56, the move was such a turn in the road from where Zander thought his career—and the rest of his life—was going that he still has very strong recall of the whole series of events.

Like most business executives, Zander noticed in the *Wall Street Journal* in October 2003 that the CEO of Motorola had left over concerns about the company's financial performance. Little did

Zander realize at the time the personal implications for him of that announcement. He took special note only because he knew Motorola. In a previous role as chief operating officer at Sun Microsystems, Zander had gotten to know people at Motorola because Sun was a big supplier to them.

Soon a prominent headhunter called Zander and inquired about his interest in the job. At the time, he was managing director at Silver Lake Partners, a private equity fund specializing in technology investments. Zander, an outspoken, friendly, fast-talking New York native who looooves to tell a story, says that he was enjoying his role as investor and adviser to other companies. Then another big headhunter called who was competing to fill the job. Zander laughs, "They call guys like me and say, would you consider whatever hot job is available and then they walk into the hiring company and say, 'I can get Ed for this job.' That's what goes on. When the headhunters called about Motorola, I quickly said no, no, no! Then I made a mistake. I had dinner with some of Motorola's board members because they were pretty incredible guys who I thought it would be cool to meet."

The dinner, arranged by Jim Citrin, an executive recruiter from Spencer Stuart, would include John Pepper, who was the lead director on the search committee and former Procter & Gamble CEO, and Larry Fuller, the former Amoco (now part of British Petroleum) CEO. Zander lived on the West Coast in Silicon Valley but he had a home in Boston near his wife's family. He happened to be in Boston at the time, and Pepper and Fuller were willing to fly there just to have dinner with him. How could anyone turn down a simple dinner? Zander says Citrin shrewdly appealed to Zander's weakness—his tendency to be a sucker for getting in on something interesting—and he thought these two men were particularly interesting leaders. Whether Zander wanted the job or not, he thought it was worth dinner to meet the former P&G and Amoco CEOs.

Sunday night arrived and Zander was meeting them at 7 P.M. He remembers leaving his place, and just like any job candidate, worrying about dropping food on his suit. He even had a Motorola

phone with him, which he'd actually bought long before there was any idea of meeting with Motorola.

As Zander recalls the dinner, "The interesting thing is I had no intention of taking the job so I was talking like I'm talking to anybody—I wasn't there interviewing. It wasn't like I was pressured. I told them what I thought about Motorola, about my life, and that I wasn't interested in the job—couldn't move my family to Chicago. They kept asking me questions about Motorola. John asked, 'What do you think Motorola could stand for in the next couple of years? What should we do?' I said, 'Look, I don't even know the company. I can't tell you that.' Then I looked down and I saw the little "M" on my phone and ad-libbed, 'You know, you've got it right in front of you. See that little "M"?' They said yeah. I said, 'It stands for Mobility. It stands for mobility—not wireless—there's a difference. You've got to *own* mobile communications—that's where the future is going.' Later on they told me they thought that was really something."

When Jim Citrin called him after the dinner to ask him to consider the job, Zander told him to leave him alone. "Then I started thinking about it. That's the trouble—you start thinking." Zander thought about his life. He was still relatively young. He liked private equity but did miss the hands-on operational part at Sun. Zander's thought process about accepting the job was very similar to that of other CEOs that I interviewed for this book. He reflected on the fact that you are dealt a hand in your life. He was being considered for leadership of a Fortune 50 company. How many people get that opportunity? There are 50 people running Fortune 50 companies and over 20 years, he speculated, there are only a few hundred—at most—people who get the opportunity.

Zander said, "Somebody said to me, 'You've never been a CEO. It's a leap of faith on their part to do this.' I wasn't going to get the chance at Sun, and there was no other big job on the West Coast that I liked."

This was similar to what other new CEOs told me they recalled about being offered the top job. At some point the idea comes alive

for them. The possibilities occupy their waking thoughts during the process. Candidates get “juiced” about how they can make a difference in such a position and what a truly unique opportunity is being held out to them. Zander soon found himself accepting another interview and then another. He couldn’t talk to a lot of people because of the secrecy of Motorola’s search. He sought the advice of a couple of very close friends. He would go through “what if” scenarios of taking or not taking the job. Zander says the early advice broke into two camps. There were some who said you can’t pass this up even if you can’t turn it around, because, as Zander himself had concluded, how many people were going to get to do this? These friends said just do it—go for it. You don’t need the approval. You don’t need the money. You don’t need the “things.” Do it because it’s just a great thing to go do—and Chicago’s not that bad.

The other camp told Zander he was crazy. They said that the Motorola culture was too ingrained. It was too far gone for him to turn it around. Zander said they gave him twenty reasons not to do it.

In spite of the twenty reasons, Zander proceeded with more interviews—very quickly—in November. He never got to visit with any employees at Motorola headquarters. Besides Pat Canavan, who was the inside executive at Motorola involved with the CEO search, Zander got to talk with only two other executives: on the phone twice with one of the division heads, Greg Brown, and in person once with the chief technical officer, Padmasree Warrior. Most of his interviewing occurred with board members.

The board was tough. Even though Zander was relatively well known in the corporate world, the interviews were not a mere formality. There was a lot of pressure on Motorola’s board to make sure that they were getting the right candidate, especially since he’d be coming from outside. Zander’s predecessor had been part of the company’s founding family and the company’s COO at the time had been recruited from General Electric’s repertory of high potential leaders with an expectation of future growth at Motorola. The board wanted to assure themselves, their shareholders, and the Motorola team that they had truly put in the effort to achieve their

goal, so they really grilled him. Zander remembers a particularly tough session in New York. They asked him questions like “What went wrong at Sun?” He described it as a “free-flowing six-on-one thing” for nearly three hours. He left feeling drained and not optimistic.

It was the Thanksgiving holiday and Zander was on his way to his son’s house in New Jersey. When he got there he told his family that he was not going to get the job after that interview. John Pepper called Zander at five o’clock the same day, which Zander thought signaled a brush-off. Instead, Pepper told him the board had a caucus about the other candidates and they wanted to offer him the job. Zander was astounded. Immediately upon hanging up, Zander went downstairs to tell his family. His wife, his two sons, his sister, and his mother (who has since passed away) were there. Zander’s mother was 95 at the time and blind.

Zander assembled everyone in the living room. He said, “I got an offer. If I take this job, it’s going to change our lives. I won’t have as much time as I do now or have the chance to be with my sons again. I’m going to be stressed. It’ll be hard: lots of traveling and I may not be successful. My name is going to be in the press. They’re going to pick at me, I’m going to get nailed, I’m going to be appraised, I’m going to get abused in this day and age.” He laid out all the pros and cons and said they were all going to vote on it.

Zander gave his family a chance to think about it. He remembered going out by the pool at his son’s home and his mother was out there alone. His mother had been telling him for twenty years to slow down, to stop working so hard. He asked her what he should do. He will never forget her response. She said, “Go do it, Eddie. You’ve got to do it. You should try it. I think you have to. I know it’s crazy that I would say this.” Zander was shocked, surprised, and very moved that she told him just the opposite of what he expected.

When they reconvened to vote, one of Zander’s sons voted against it. He said not to do it because of the concerns Zander had raised about the time demands and quality-of-life issues. Zander thinks his son was afraid because, even though he was grown by

then, he remembered growing up watching his father being immersed at Sun and how hard that had been for him. Yet, given the support of all the other family members, Zander decided to move forward.

Zander called Pepper back that night. Motorola's formal offer and subsequent negotiations took several weeks. Zander chose to stay out of that process. Ever the hard-charging executive, he was already busy getting ready for the job. He got all the Motorola data he could get from the company and also sought out every analyst report available. He says "immersion" best describes his initiation for the job into which he was about to parachute under tough circumstances. He believes he gathered information from every source he could. He gathered nearly every piece of information written about Motorola. He talked to people who were CEOs elsewhere and read books by others. He talked to people who had experience with Motorola, on the inside and on the outside. He sought out Pat Russo at Lucent and Mike Cappellas at MCI, both of whom dropped in at the top. Some of the other influential people he talked to were John Chambers at Cisco and Steve Jobs at Apple, who's a personal friend. He talked to a "whole bunch of people" about management and leadership, what they did when they were new, and what mistakes they made. He read books, including those by former CEOs Larry Bossidy, Lou Gerstner, and Jack Welch. Zander exhausted every avenue to data on Motorola and the challenges of a new CEO. Zander said he analyzed his new job like we've all been told we should do—what should happen during the first 90 days and the first six months. He had a first 100 days plan: *not* to plan, but rather to learn, listen, and not undertake any major initiative.

Then, once his appointment was announced on December 16, 2003, he talked to his executive team about the new Motorola. Zander met with them that evening at the company's headquarters in Schaumburg, Illinois, a suburb about 45 minutes northwest of downtown Chicago. He thinks he came in a little more prepared than what they had expected. He spoke to them about who he was: "This is what I like. This is what I don't. This is my style. This is

the good and the bad about Ed Zander. You can Google me if you want.’ Then I said, ‘Here is your homework assignment over Christmas—to tell me about your business.’ It wasn’t very hard. It was very simple. I didn’t say anything about the business. I didn’t get into what the issues were. I finished by telling them what I wanted to do in January.”

During this period, in his continuing quest for information, Zander met with some people who were former executives at the company. He’d ask them to start out by giving him the good, the bad, and the ugly, and they did—and he took copious notes. To Zander, having as much information as possible is crucial. He believes that one of the reasons he got the job after that last three-hour grueling interview in New York was that he had unbelievable data on the company. “Not just numbers and stuff, but insights into the businesses. They just couldn’t believe how prepared I was. They told me later that was the difference between me and the other candidates. I had really done my work on knowing the challenges and opportunities, plus potential issues for each of the divisions and businesses, plus a little bit about the culture. I had compiled my thoughts from those early talks with friends when I asked them what they thought I should do if Motorola offered me the job.”

After the announcement in December, he was able to talk more freely with people. He remembered that people seemed to come out of the woodwork—all of his friends weighed in. Like him, Zander says, his friends say what’s on their minds. And again, as it had earlier in the process, the advice he got came down in two camps. Some said, “Ed, you’re screwed.” Others said, “Ed, you’ll be great.” Many warned that he was really sticking his neck out—and they hoped it wouldn’t be cut off.

Finally, Zander took two weeks off over Christmas to be with his family one last time before he started the new job. “I came back in January. I laid low the first 100 days. Then I told my team more about the first six months.”

Of all the CEOs I interviewed, Zander probably had done the most primary and secondary research on his new company and the CEO job. If anyone seemed to have covered all the bases and then

some, it was Ed Zander. Yet, even with such a high level of preparation and planning, Zander found himself caught off-guard about the actual job vs. his expectations from the interview process.

“The biggest surprise, the one that really floored me when I started work that January, was the lack of customer focus,” said Zander. Executive involvement in delighting customers, improving customer satisfaction, and developing closer relationships was nonexistent. To begin to resolve the need for more customer focus, Zander began visiting customers himself—something past CEOs had rarely done.

“I was here two or three weeks and no one had asked me to call a customer, which I thought was weird,” he recalls. “It was almost three or four weeks into the job so I called someone and said who are our top customers? What do we sell to them? They gave me the list. I think number one was Nextel. I started dialing the phone right there.

“The customer relationships were—to some extent, some of them still are—just unbelievably bad. I walked into some customers and the first thing they’d say is ‘Hi, Ed,’ in a very nice way. They’d welcome me and then beat the living crap out of me. I came home in January and February and I was mortified. I kept saying to myself, ‘holy mackerel!’ Relationships were just so beaten up, with lots of mistrust.”

Another way Zander encouraged his organization to get more focused on customers was to change the compensation program midyear. As he recalls, “Even though the compensation program was designed in February of last year, I made a change and put 10–15% of the bonus around quality and customer satisfaction—which was a big fight because they never measured that. I heard complaints, ‘What are you doing to my bonus?’ I wanted to make it 100%. That’s how aggravated I was. The first thing needs to be recognition of who’s paying for the lights around here. We don’t sell unless people buy and they don’t buy unless we make them happy. Very simple things.” Another simple thing Zander instituted was assigning an executive sponsor to each customer.

Still, today, Zander admits he does not get many calls from his sales force to go on customer visits. He finds it strange but thinks the culture is changing and they are getting better at it. Until they do, Zander just keeps doing it himself.

The second big surprise for Zander was that his new team wasn't a team in the way he was used to working with one. He is a West Coast guy used to telling it like it is and having others do the same back at him. He knew management styles were different in different places and tried not to pass judgment on Motorola's previous leadership. "The way I grew up in business, you sit in a room with ten, twelve people. You basically decide, not only what the numbers are but even the culture of the company. You decide what the compensation programs are. You decide whether you're going to buy a building. It's not consensus management. It's not participative management. You just get it done—together as a team."

Zander began to resolve the teamwork problem by midyear. He had initially promised everyone a "clean slate" for the first six months. Some team members understood Zander's agenda and excelled. Others did not. They left the company or were transferred to different positions. Unlike the commonly held belief that outsiders tend to bring in their own posse when a company is in financial crisis, Zander asserts that he primarily promoted from within but in a very few instances resorted to outsiders to fill experience and skill gaps.

When I interviewed Zander a year into the job, he laughed at the notion of sudden impact. Coming from the Silicon Valley, he thought he could come in and in three to six months have everything fixed. He recalls that the board warned and coached him on lowering his expectations. Whenever he thought he could do something in a certain time, he learned to double it or triple it. The reality is he is leading 67,000 people who have been with Motorola in many cases for 20 or 30 years and are enmeshed in doing it one way. And, not all of that way is wrong. He has to be cognizant of not throwing out the baby with the bath water. His company's culture values integrity. It values people. In turn, they try to do the right

thing and there is a sense of loyalty—long term—to the company. Zander believes he has a lot of good foundational values to build on. He thinks the key to impact is starting with the good and praising what works—and then changing the things they could do better.

“The things I’ve focused on, time will tell. I felt that day one, I didn’t even want to talk strategy for a while. To me this company just needed to do one or two things—get customer satisfaction up and customer focus up. So that’s what I did. I made it a number one issue and talked about it in every meeting I was in.”

At the time I interviewed Zander, Motorola had turned out five good quarters. Zander says it’s execution and he can’t take credit for it yet. To him it’s the simple concept of saying what they’re going to do and getting the numbers. “We give guidance—even internally, it’s very important. It’s less important to me what Wall Street thinks. Of course, I work for the shareholders, but I don’t work for the financial analysts. The thing is, if you get a cadence inside your company and say this is what you’re going to go do, these are the numbers you’re going to go do, these are the programs you’re going to share, these are the things that you adhere to—if you do that, it’s like getting good manners at home. You just start to do it. You act more like a high-performance company. It was getting very measurable, definable things to do and then doing them. Then the outside takes care of itself.

“So, it’s making numbers and making goals—we aren’t there yet. We take two steps forward and two steps back. . . . We get some great products out and then we get a train wreck on a quality issue. We do something right, we do something wrong. It’s amazing. It’s going to take a while, but to me execution, customers, and quality are the things that I push really hard every day.”

Zander concludes: “You start to figure out from the team—there’s power right there—maybe you can go and let your hair down a little more with this person or that person. You build that kind of trust and rapport. Some of the people I thought I could trust, I misread. Some of the people went the other way—that’s the single thing I miss the most by coming in from the top. You are really

alone—you don't know anything about the culture. It's much harder than people will ever understand—being dropped in from the top of a big company. I wish to say—I didn't even know where the bathroom was. And I mean that in quotes because I didn't know—if you'd have asked me the first part of last year: How does somebody get promoted? How do you do titles? How do you do compensation? How do you do strategy? How do you do this? How do you price a product? Everything was like a newborn baby taking a first step and certainly joining a start-up is easier. A small company is easy, but in a company so large, so global, so architected, so decentralized, all I could do was learn.”

As he foretold at the family vote, being CEO of Motorola has changed his life, and his family's. He no longer has the time he once did with his sons. The stress—and the unanticipated cultural hurdles—were even greater than expected. Zander admits the job is hard and he is traveling a lot. His name is indeed regularly in the press and there have been concerns about some product setbacks, offset by some announcements about new product development. But as far as his early fears that he might not be successful, by now most would agree that Zander doesn't have to worry about that one.

Let's look now at the story of yet another CEO who came to the job from the outside. Although Stephanie Streeter had almost two years to grow into her job as CEO of Banta Corporation, which she accepted at age forty-five, she was hired with the express commitment that she'd be groomed for the top job. Even so, she came face-to-face with a number of surprises, not the least of which began with the fact that she was dropping in from a completely different industry.

Stephanie Streeter, CEO, Banta Corporation. When Don Belcher called in August 2000, Stephanie Streeter was chief operating officer at Idealab!, a Pasadena-based high technology company that created and managed a network of companies in various stages of development. As CEO and chairman of Banta Corporation,

Belcher headed a Fortune 1000 company whose bedrock printing business serves leading publishers and direct marketers.

Belcher was calling to tell Streeter that he needed to get a successor in place because the bylaws of the corporation required him to retire at 65. Belcher was running out of time to effect a smooth leadership transition—with just 24 months and no heir apparent. It turned out that Belcher's timing was superb. Streeter's overarching business goal was to be a CEO and run her own company, and she was not having a very good experience at Idealab! She was COO but had concluded it was the wrong place for her for a number of reasons, mainly that the founder and CEO was not going to be stepping down in the foreseeable future.

Belcher and Streeter had worked together at Avery Dennison, the West Coast paper products and label manufacturer. He remembered her intellect, drive, and competitive spirit. Streeter had been captain of the women's basketball team at Stanford. She had the distinction—and disappointment—of making the U.S. Olympics women's basketball team in 1980—the year the United States boycotted the games. In spite of that, Streeter has continued her involvement with the organization and today is a member of the U.S. Olympic Committee.

When Streeter graduated from Stanford, she started her career in computer programming. Tall and thin, with the look of an athlete even when in a business suit, she has been involved in sports all her life—still coaching kids, playing volleyball, and hiking. She greets everyone with a warm smile and a twinkle in her eye, yet one can see that she is sizing up the situation at all times—just like she used to do with rival players. *Competitive* and *analytical* are two of Streeter's obvious strengths, yet she offsets them with an inclusive joie de vivre for every task she undertakes and person she meets.

At Avery Dennison Streeter's drive and competitiveness propelled her into a marketing job among other more likely recruits who had classic packaged goods marketing experience with the likes of Pillsbury and General Mills.

Streeter's claim to fame at Avery Dennison was introducing laser printer labels to the market. That may not seem like much

now, but at the time, laser technology was new: there were only 500,000 laser printers out in the world at the time. It took Streeter eight months to convince her boss that the time was right. She was afraid they were going to miss the window of opportunity to be first mover in this new market. She kept telling him they had to be first. He finally relented, and the rest is history. Streeter's sense of timing was superb. Belcher hadn't forgotten either.

Initially, Belcher wanted to set up a competition between whomever he found from the outside and someone he had identified on the inside. The first job Belcher talked to Streeter about was president of the print sector, which was and is Banta's largest and most important business. Streeter wasn't interested. She let Belcher know that what she was really after was to be president or COO—something that led directly to CEO. She knew she wanted to run something and she wanted to run something big. Streeter put it all on the table during their first conversation.

It took a few months, but Belcher came back and told Streeter he had rethought everything and he wanted to offer her the position of president and COO. He said, given her great track record, he knew he was really recruiting his successor. He had eliminated the competition. He told her afterward that, in spite of the fact that she wasn't interested, he knew she was the right person and head and shoulders above anybody he had internally. He said he realized it would've been a mock competition and he wasn't going to do that to her or the other person. After more discussion, Belcher sweetened the deal to Streeter's way of thinking by giving her a timeline of 18 to 24 months to CEO. He knew he had to go at 65 so the timing was clearly delineated.

The more Streeter found out about the company, the better the fit seemed to be. She learned that besides the printing business, the corporation is also a strong player in the rapidly developing supply chain management arena, serving as a global outsourcing partner to leading companies in technology, pharmaceuticals, and medical devices. All told, the company sells nearly \$1.4 billion worth of services. Headquartered in Menasha, Wisconsin, Banta employs nearly 8,000 people worldwide and boasts 40 manufacturing

facilities around the world, including Mexico, Ireland, Scotland, and Singapore.

Streeter was intrigued, even though the transition from metropolitan Los Angeles and sunny California to tiny Menasha and cold Wisconsin was going to be a little traumatic, and printing wasn't a particularly interesting or sexy industry. All that aside, what most interested Streeter was a successful company, in a real business, making real money, with a number of different business models to make it challenging, if not always interesting sector to sector.

Streeter wanted to know more about the team. She made sure that she interviewed with all the people who were going to be her direct reports and she interviewed with a couple of board members. She felt she had a reasonable idea of what she was getting into. She found the company had good people, "rock solid and salt of the earth folks," which appealed to her.

Streeter arrived at Banta in January 2001, and even though she would have 21 months at Banta to prepare before taking over as CEO, she faced three surprises right off the bat. First, the company was not in as good shape as she had been led to believe. Rather than focusing on new market opportunities and revenue growth, Streeter had to dive into the thorny issues of expense cuts and headcount reductions.

Second, her style and Belcher's had diverged since working together at Avery Dennison. What she says she learned from the situation is that you can think from the interview process that you are mentally in line with somebody but, until you are in the situation "walking the talk" together, you don't realize that they go about things differently or they represent things differently from how you see them. For instance, very little external market data was being used in making decisions, and a certain complacency had crept over the organization.

The third surprise for Streeter, as for many of the other CEOs interviewed for this book, was the people legacy. The people hired by the incumbent CEO had a history with him and in his mind they were doing a great job. As Streeter says, "A longtime CEO just

can't see the change that is necessary. When Don left, he had been here ten years. I hope I have the sense that if I'm not renewing the company that I'll leave after a number of years. Otherwise, you just get stale."

Aside from those three main challenges, Streeter bumped up against a few things you might expect a very competitive female CEO to run into at a traditional Midwestern company. "First, the girl thing was a big deal," she recalls, "I knew that right away—when everyone said it *wasn't* a big thing. If someone says, 'Your being a lady doesn't really bother me, I've dealt with ladies before,' you have to say to yourself, OK, your vernacular is really screwed up, so how's everything else? For the people here, I was really an anomaly. My reputation for being competitive quickly got around, and it's absolutely true. I see a set of stairs and I'll race my husband to the top. But to many people at this company, I was bizarre."

What's more, at first the people at Banta didn't seem too comfortable with the fact that Streeter asked a lot of questions. She remembers people putting their hand out and saying, "Don't ask me any more questions, because I know what I'm doing." They would imply she was new and didn't understand their business or how complicated it was. They saw their business as unique. Her solution? "I just believe in will. I wasn't going away. I'm competitive enough and willful enough that I figured I'd just outlast them. It's worked so far."

Consider now the kinds of surprises faced by one final CEO who parachuted in. In fact, you probably can't drop into a company in a more dramatic way than did John Parker, who at age 55 became CEO of American Culinary ChefsBest—by buying the company.

John Parker, CEO, American Culinary ChefsBest. It's unusual to see a CEO walking out of a pristine professional kitchen offering you a chocolate chip cookie, and John Parker says one of the best perks of the job is getting to sample the products—after the judging is completed. The mission of Parker's company, in fact, is to do such

judging and to bestow its ChefsBest Award on the most deserving quality food and beverage products. Think Oscar or Emmy of the food industry.

By all accounts, John Parker is the consummate entrepreneur. Parker's salt-and-pepper hair and easy-going gait belie his days as a competitive polo player and rugged mountain climber. Parker had sold his prior successful venture, a nationwide chain of radio stations, in the mid-1990s and had taken a few well-deserved years off. But he didn't exactly laze around. He became an active member of the Explorers' Club, participating in expeditions around the world. He set out to climb the seven highest mountain summits in the world and has tackled five so far. He still plays polo, which is a very physical, active sport. He says the reason he enjoys adventure—extreme adventure, some might say—is because it brings him to the “now.” Faced with a dangerous situation, he says, you totally forget everything around you and it brings you into the moment. This ability to focus his perspective clearly has contributed to Parker's current success in quickly rolling out a new business model and setting early priorities.

When Parker came across the company, he was enjoying his freedom but looking for a new challenge. After owning his own business, he had no intention of joining a publicly held corporation. So, he thought, why not buy another one? As Parker tells it in his spacious San Francisco headquarters with walls of windows overlooking ducks parading through the Levi Strauss Plaza, “The company was about twelve years old when I bought it four years ago. It was a relatively small company run by several chefs, who tasted food for restaurant chains. For instance, they would select one or two types of caviar for a restaurant chain. The chain wouldn't have the time or inclination to taste every kind of caviar, so they would hire the firm to taste all of them and find the best-tasting ones. The clients were primarily restaurant chains, airlines, and cruise lines. I came across this business and it was fascinating, one of a kind. I could see bigger potential in taking it in a different direction.”

Parker took the basic concept of determining the best-tasting products and made it a very sophisticated business, changing the

business model so that both the customer and what the firm tastes is now different but the basic concept of tasting food to determine the best products remained. Not only did Parker buy a company in an industry in which he had no experience, but on top of that, he changed the concept and he changed the brand, renaming the company American Culinary ChefsBest and introducing the award he licenses, the ChefsBest Award.

“Here was a company that had the talent for evaluating food and quantifying taste. Now it is using that quantification to evaluate competitors and determine the best-tasting product. I decided to take that concept, move it over to retail (meaning grocery products in a retail market), and develop a judging process. It’s very sophisticated now and getting more so literally every six months as we take big steps forward with what we do in the taste kitchen. That’s all we do. Our job is to keep getting better and better at it. I changed the business model because that was really where the company was needed—to help the consumer make the best decision.” Parker’s strategy seems to be succeeding. Some of his licensees include Frito-Lay, Dreyer’s Ice Cream, Russell-Stover, and E&J Gallo. The ChefsBest award is now featured in TV ads for several prominent brands.

Even as Parker was putting his new company through all of these changes, Parker himself encountered a number of surprises that became his first big challenges as CEO. First was the need to educate the food industry about what American Culinary ChefsBest did. It was a new business concept at the time; the food industry had never had an award such as the one Parker developed. He had to establish the credibility of the judging process so the industry would understand it and have the confidence in it to endorse it by putting the ChefsBest award on their packaging.

The second hurdle for Parker was just how small the organization was and how much he needed to upgrade. The company didn’t even have a robust accounting system. He found receipts in a shoe box and the accounting system running on the home version of Quicken—and it was a company with several million dollars of sales. The challenge for Parker was building infrastructure, systems,

technologies, people, and, most important, culture—a recurring theme among the CEOs I spoke to. He had to develop the corporate culture of a very professional organization because it had to be at least as good as his food industry clients' cultures before they would respect the judging process and its outcome. Parker also had to upgrade the size of his staff—from a mere eight full-time people when he bought the company to the 53 chefs and 23 other staff people he now employs full time or outsources. He launched the ChefsBest Center for Taste in San Francisco, assembling a group of leading international experts on food including food technologists, flavorists, and even “psycho-sensory” analysts. With the help of these new professionals, American Culinary ChefsBest has recently added taste-testing of spirits including vodka and tequila. Every time Parker goes into a new area of the food business, the company has to develop a whole new judging process that withstands challenges so that each of the winners—and potential licensees—is assured of credibility and integrity from the company.

Third, Parker soon saw that he had to work hard to educate consumers about the company. Are consumers looking for the ChefsBest Award when they do their shopping at the grocery store? According to Parker, there are more than 40,000 products in the average grocery store. The larger grocery stores, like Ralph's or Safeway or Jewel, usually carry twice that number. When shoppers go in the supermarkets they are barraged by competing labels. In fact, Parker maintains that the average consumer is exposed to more than 4,000 advertising messages a day, so that when they arrive at the grocery store they're overwhelmed by the choices. “Our mission is to empower the consumer to make the very best buying decision possible, because we're the taste people. When consumers see the ChefsBest Award on products in the grocery store, they know they are buying the best-tasting product.”

Now that Parker has the infrastructure and strategy in place and has managed to deal with the most troublesome issues he faced after buying the company, his big challenge now is generating broader consumer awareness of the ChefsBest award. Knowing Parker, that's another summit he will reach.

Organically Groomed

Parachuting CEOs like Parker, Streeter, and Zander are not the only kind of executives who bump into surprises during their first days and months on the job. Let us now turn our attention to an executive who came to his position “organically,” having already been an insider.

Dave Vander Zanden, CEO, School Specialty. Although he had been with his company for more than three years as second-in-command, Dave Vander Zanden nevertheless found himself, at age 47, faced with an enormous surprise simply because of the nature in which he was thrust into his CEO job—suddenly and completely unexpectedly under difficult circumstances.

Authentic and unassuming, Vander Zanden is a down-to-earth guy but with a mind of his own and a vision that is tough and clear. He has fading blond hair and a middle-aged physique that in blue jeans, which he wore the day of our interview, looks more like a teenager’s. Vander Zanden works in a simple “company issue” office, the same size and furnishing as the rest of the team’s. He has no fear about not following the latest management fad. He keeps a strict open-door policy at his office. In fact, at School Specialty, a company that sells everything but the textbooks to educational institutions, it is rare that any office door is shut. One of the company legends is that his predecessor actually had the doors removed at a company School Specialty had acquired because its executive team kept shutting their office doors after paying lip service to their promise of keeping them—and in turn their communications—open to all their associates. What’s more, Vander Zanden does not believe in the written performance review, and he guarantees you won’t find one in the file of any School Specialty associate.

Vander Zanden was president and chief operating officer at School Specialty before he became CEO after the sudden death of Dan Spalding, the 47-year-old incumbent, his close friend and a leader he deeply admired. The relationship that he and Spalding

had in managing the company was probably a lot different from what most CEOs have with their number two guy.

They met through the local YPO (Young Presidents' Organization) and formed a fast friendship. Vander Zanden was wrapping up an assignment for a family-owned company he had turned around. At the YPO meetings, Spalding mentioned that his organization was getting larger and he needed to get more help. Vander Zanden listened to that while at the same time he was telling the group that in a couple of years he'd be wrapping things up on his current job and needed to start thinking about what was next. Spalding and Vander Zanden started exploring the possibility of getting together on something.

At the time, School Specialty was a division of the burgeoning US Office Products Company. Vander Zanden made it clear he wasn't interested in ending up at the division level; he wanted to be at corporate. He believed that School Specialty was going to explode—it was just a question of when. Spalding called Vander Zanden in late 1997 and said that US Office Products was making some organizational changes, including the spin-off of School Specialty into a stand-alone company. Vander Zanden responded he was now ready to talk. Over the next few months, they crafted a deal: they would run the company like a partnership, with Spalding as CEO, taking Wall Street (investor and analyst relations) and acquisitions, and Vander Zanden taking the day-to-day business operations. And that's what they did—for about three and a half years.

In March 2002 Spalding and Vander Zanden, along with their families, went to an industry outing in Durango, Colorado, that included skiing. Spalding had always been a very big, strong skier. They used to call him the "Energizer bunny" because he'd constantly be up and down the hill. That's what he did—he just skied—and that was what he did that day too. When they were done, Vander Zanden picked him up in their car and asked how it went. He knew that Spalding—a five-mile-a-day runner—had experienced chest pains that year. A stent was put in his heart to correct a blockage. Yet Spalding started having some uncomfortable

feelings from the stent. He still was having intermittent chest pains when the ski trip occurred. His doctors were trying to figure out what was going on. It was one of those things where it hurt today but then it was good for the next three weeks.

Spalding told Vander Zanden that he'd had a good day skiing, but that "he could feel it a little bit" and so had taken things easy. They all went to dinner and had a great time.

The next morning Vander Zanden awoke at 5:30 to the sound of a siren. Soon there was a knock on the front door and Vander Zanden went to Spalding's room. The story is still difficult for Vander Zanden to tell. Paramedics were in there working on Spalding and it didn't go well. Spalding technically died in his room. He had gotten out of bed with chest pains, took one step toward the bathroom, fell to the floor, and never got up.

Here was Vander Zanden, in the midst of the whole experience and his own horror, trying to comfort Spalding's wife. The first thing Vander Zanden felt he had to do was get word to the rest of Spalding's family. Next, he had to get both of the families in Colorado back home that day. He had to transport the body out of state, which meant he had to figure out what that entailed and get a funeral home to do something quickly.

He started working on all the unfamiliar personal and family issues associated with the tragic circumstances. Vander Zanden remembers that as they were getting all the family items done, he was on the phone, calling in to the office, talking to the CFO and saying that no one could be told anything. The market was open by then. It was about 10 A.M. in New York. He asked the CFO to call the board and convene a meeting for that morning. As soon as the CFO got them together, he was to get Vander Zanden on the phone so they could get a press release out to the market. They had the board meeting and decided what to do. They wanted to put some stability in place for the market so they appointed the board member with the most seniority as the interim chairman and Vander Zanden as interim CEO. As they got the message to the marketplace, they also had 2,500 associates to notify of what was going on.

He and the CFO started crafting something that they could get out to all the associates, to get the message to them and also give them some assurance that everything would be fine, that things would keep going. In the midst of all the other arrangements he was juggling, he and the CFO got notification out that same day. It was a Friday, which Vander Zanden believes turned out to be a bit of a blessing for them because it gave them two days to start to get things done.

As Vander Zanden tells it, “I knew what I had to do; I knew what was urgent, what I had to get done. I knew I had to get everybody reassured that the company is solid, the management team is in place. So while acknowledging that Dan had been our leader and was really loved by everybody—he was one of the best entrepreneurs I ever met in my life—at the same time, I had to assure everyone that we would go on without him, without skipping a beat.”

Next he had a website set up where people could share their feelings about Spalding. “Everybody had funny stories about Dan and we said send them in. Take a minute and write down your experiences with this guy. We told people that if they had a personal relationship with Dan and needed to be away from the office, then do that. If they needed to be here or if they just needed to sit down and talk for a while with me or anyone, then that’s what they should do. If it took a day or a week or a month—we told everyone to work their way through the grief the best way they could.”

How did Vander Zanden take care of his own feelings? His close friend and closest work colleague has just died unexpectedly. He says that taking over the top role when someone that close to you passes away is tough to do, but you have to. From his perspective of the organization, there were a couple of hundred people who felt close to Spalding and the rest who thought of him simply as the CEO of the company. They lived across the country. They had seen his picture. So Vander Zanden took the position that he had to take care of the smaller core group, while at the same time, the company needed some leadership. He had stepped into the new role while figuring out how he was going to balance the organization’s needs.

Then he had to balance his own feelings—his own grief. He trusted his gut to find the right spot and figure out what he needed to do.

“That was step one—we got the organization to understand that Dan did one great thing and he built a team that will keep it going. Our history says that’s what we do,” says Vander Zanden.

Luckily, Vander Zanden says, apart from the shock and surprise of the circumstances in which he had to become CEO, he’s found nothing unexpected in the company itself since taking Spalding’s place. His relationship with Spalding had been so close that they both knew “everything about everything.” There wasn’t anything about the company Vander Zanden didn’t know, and, he maintains, “There hasn’t been anything since Spalding’s death that I have discovered and said, ‘Gee, I didn’t know about that.’ Nothing little. Nothing big. We just told each other everything, all the time. I sat in this office. He sat in that office. We shared an assistant. We just ran the business together. We felt that if the two of us were consistent on the issues then the associates don’t get confused about anything. Our philosophies were very similar as far as culture and respect for people.”



As the stories in this chapter illustrate, while it would be wonderful if an executive could step into a job facing no surprises—the reality is sometimes quite the opposite. But what about the next steps? Do even the best executives in a new position always have a solid plan—as the belief commonly holds—for making a sudden impact? That is the focus of the next chapter.

