Notes from Duke's Casebook

Volume 1, Issue 2 May 2004

About the 2nd Edition

Welcome to 2004

Thank you for the many kind compliments you sent in response to my first newsletter in November. Only two people cancelled, so some of you must have found it useful or entertaining.

No promises when the next one will be out, but I'm aiming to do one each quarter. Again, if you like it, please share it with others; I'll add their names to my mailing list. If you don't want it, I'll take you off.

If you didn't receive a first edition and you would like one, just send an email and I'll send one back to you.

Duke Kuehn
May 17, 2004

WHY TEAMS FAIL

It's well past a fad. Most of us work as part of a team these days. The idea has merit and the advantages derived for working in teams are well reasoned and amply justified with data.

The only problem is that teamwork is the most difficult of all possible working relationships and to succeed it requires very high levels of interpersonal skill and commitment from everyone involved.

Continued on page 2

Inside This Issue

Transitioning Your Business from One Generation of Leadership to the Next

Baby Boomer's move over, Gen X is ready to take over, but there a lot of things to consider before your children and their friends start running the business.

"I'm just not sure how to handle this," my client said with some distress. I leaned forward and heard one more business owner talk about the complications of handing over his or her firm to new, younger management. When this transition involves a son or daughter, I've discovered the anguish to be even greater.

I have a conversation like this almost every week. What was an occasional event is now a significant trend being felt throughout the business world, especially in the real estate industry.

The demographics tell the tale. The great wave of entrepreneurs born between 1945 and 1955 entered the workforce in the late 1960's, earned their spurs, and started businesses in the early 1980's. Twenty years later, the generation faces retirement without a succession plan in place.

Few people start a business with an eye to selling or closing it someday. It only seems reasonable to assume that the success of your company will continue under new leadership. The natural thing is to turn to our younger employees and invite them to take over the company. If your kids look like successors, all to the better: keeping it in the family seems a good solution and, who knows, you may finally get some return on the tuition you've paid over the years.

Sounds like a good decision, but *not so fast.* Turning over the management of your company to anyone, even a family member, has implications that can put all you've built at risk.

Continued on page 3

Remarks *continued from page 1*

Teams break down all the time. When they succeed
teams are a wonderful and uplifting way to work. When they don't they are a nightmare.

It helps to think of a team as a high performance engine with lots of fragile parts requiring very delicate alignment. That's why the operative part of the word teamwork is WORK. It takes a hard in the form of planning, communication and coordination to keep the components aligned.

If you don't realize the effort it takes to build and maintain a team it will surely fail. Here are three mistakes that guarantee the collapse of a team:

1. *Insufficient training in the communication, skills necessary to share information to make collaborative decisions.*

2. *Little clarity about roles and authorities; members given the impression that everybody does everything.*

3. *Playing favorites (or culprits)… make sure some of the team members are singled out for praise or blame.*

I Really Wish I'd Said This: Dan Fochtman of General Parts/Carquest thinks Jack Welch said this: *"I surround myself with people smarter than I am."*

Why? This oft-cited quote, whoever said it first, is more significant than its simplest interpretation. This advice really speaks to the humility of leadership and value of being open to other people's ideas. Of course you want smart people working for you, they can make your job a lot easier. But if you don't welcome their opinion or listen to what they say, you've wasted your team's intelligence, creativity and initiative.

The essential lesson of leadership gleaned from this quote is to be careful that, once you have the authority of being an executive manager you don't fall into the trap of thinking you're better or smarter than everyone else. Leadership is not about being superior, it is about being connected to the people you lead.

The Strategic Gourmand: Great Fish away from the Bay

Just the thought of traveling to San Francisco prompts visions of great seafood. While the City by the Bay's tourists head for Fisherman's Wharf, eat where the locals do. Go west, not north, to *Pacific Café.* It's a well kept San Franciscan secret, but the fish is fresh, delicious and presented with simplicity and good cheer.

The building is a 100-year plus multiple earthquake survivor with a few tall varnished pine booths and a tiny kitchen. Unless you get there exactly at 5, when they open, you'll wait, maybe outside, maybe as much as an hour. The wait it is worth it and the proprietors pour free glasses of Napa wine to speed the time.

The menu is simple, but diverse and uniformly tasty. Fish and shellfish are prepared just right, caught at the perfect moment between over/undercooked. The shrimp salad is tangy and delectable. The sourdough french bread is only as it can be in SF.

My favorite? Abalone. Hard to find these days and even harder to cook well. Poorly prepared abalone rivals rubber, but the chef at Pacific Café know how to prepare it to gain the maximum flavor and the right consistency.

If shellfish is not your thing, the Dover Sole and Parmesan Halibut are excellent choices…. light, flaky and piping hot.

If you still have an appetite for dessert the pies are as fresh as the fish.

Don't be a tourist, do what the locals do and squeeze into the friendly confines of Pacific Café.

Pacific Café, 7000 Geary, open every day, 5 p.m. to 10, 11 on Friday and Saturday. 415.387.7091

The Facilitator's Creativity Toolbox

Ever get that feeling that everyone on your team is disconnected and out of touch? If you, as the leader, are the only thing holding the team together, then you're in for a unpleasant surprise. Building teams is about connecting people in networks and facilitating their communication.

You are not, however, a nexus like a computer server. What you want is a series of connections that get to each other whether you are there or not; much as computers can connect on each other through the internet.

With this in mind I invented a technique called the "Dance Card." Every so often, preferably with no warning, set aside an hour of your staff meeting. Hand out dance cards (a relic of grandparents' ballroom dancing cotillions). They usually list spaces for five dances. Make sure every one on the management team selects 5 different partners to meet. Divide the meeting into 10 minute segments and have each of the pairs meet. If you have more than four people on your management team all sorts of permutations are possible so you may need to allow enough time for all of the pairs to get together. An hour to 90 minutes is usually sufficient.

Their assignment while "dancing" is twofold: discuss something they should be working on together to improve each others' performance (How can I help you? How can you help me?) and set a specific time to meet in the future to work on improving their working relationship.

This really works. Why? As obvious as it is, we just don't communicate with each other in a proactive manner. Much of what we say is reactive and reflexive. This approach allows you to identify something before it becomes a problem and makes sure you set it as a sufficiently high priority to set time aside to work on it.

Duke's Rule #28: Eat what the troops eat.

This one comes from the famous Marine Corps leader, General "Chesty" Puller. He consistently chose to stay at the front with his troops, rather than headquartering well behind lines. Puller knew that leadership comes from sharing the load with the team, not standing far back and watching. He ate what they ate, traveled as they traveled and often bivouacked, well, where they slept. He wondered how it was possible to "lead from behind," and he was right to doubt that kind of leadership.

The greatest leaders I've known have exemplified Puller's values. They never saw themselves as better, superior or elevated from those they were called to lead. They knew they were just part of the team and that they didn't need to underscore the authority of their leadership. They knew it was better to share the sacrifices of those they lead than set themselves apart.

Transitions

continued from page 1

There are, at least, three things to consider before handing over the keys to your office to a valued employee or off-spring.

Issue 1: Are you ready for this?

Much more than succession is involved here. What you are really facing is retirement. Most of my clients are truly ambivalent about the next phase of their lives. They and their spouses have worked hard and succeeded at building a successful enterprise, what better reward than to spend some time traveling and enjoying the fruits of *your* labors while *they* labor?

Can you give up the business that easily? Is the timing right from the perspective of the firm's strategic position? Are you assured your successor and your staff are fully capable of handling the business in your absence?

Maybe you think you can handle this as a phased transition, but face it - the minute you start to hand over the reins everyone expects you to go. If you don't make a clean transition, you guarantee months, maybe years, of ambiguity in corporate leadership as you wobble between being a Lame Duck and a meddlesome micro-manager.

Issue 2: Is your successor ready for this?

Kids today are a lot more responsible than their elders like to admit. Sure, you've lived through their excesses, but they are smart, technologically savvy and *almost* as hard-working as you are. They are also loyal to their families and sensitive to the needs of their parents and mentors.

When children are involved you must be particularly careful to avoid inadvertently trapping them into feeling obligated to step into your place. Your children are making a significant career choice if they choose to succeed you and, while that option seems natural and easy, 20 years later it may turn out that your mortgaged your child's future for the business.

Even if this is the right choice for your progeny or a protégé, keep in mind that closeness may blind you to obvious weaknesses. Those you've raised and trained are talented, but they may lack the ambition, attitude and aptitude the business needs to succeed. You are doing your successors a favor by being as objective as possible in evaluating their strengths and weaknesses.

Continued on page 4

Transitions

continued from page 3

Issue 3: Are your clients and employees ready?

What seems like a family matter is really al about business. Your employees and clients will surely have opinions about changes in the management of the firm. You are not bound to act by their decisions, but you do have to take them into account.

So what to do?

Start planning now. Have candid discussions with your possible successors about their career goals, your retirement wishes, the demands of your job, the fit of their skills sets and the vision they have for the company.

Don't make any public statement until you are absolutely confident as to what your choice will be. Once you indicate that someone is taking over, set a date no more than 18 months ahead and designate it as the official moment of transition.

If there is to be a transitional period as your successor "learns the business," set target dates for gaining certain skills and for transferring responsibilities. Break your job into many tasks and have your successor take on one at a time, easiest first

Should you decide to play a continuing role past the announced transition date, be very clear as to what your responsibilities will be and exactly what authorities you will retain. If you're going to stick around, be useful, focus on business development or helping to close deals. Stay in the background for everything else and DO NOT interfere with your successor's roles.

Have a contingency plan. You and your successor need to be clear on the company's strategic goals and you need to monitor whether the change in leadership is taking you where you want and need to go. In case the transition doesn't work out, be prepared to extend ownership to other partners or to sell out altogether. Leave yourself enough time to recover if the transition fails and you have to step back in to run the company.

Finally, follow rules of prudent business practice. Your successor may be a close colleague, even a child, but they need to be evaluated in terms of performance and achievement, which may go well beyond the standards of friendship or family. Set clear goals and expectations and your successor will have a better chance of leading the company in the direction you envision.

Profiles in Leadership: John Malloy

I knew I had found something special in John Malloy when, one day, he brought me the strategic plan we were working on, reformatted to see timelines, accountability links and intermediate performance measures. He figured out a long time ago that accountability is the essential ingredient in organizational success. And he knows accountability can only be achieved by setting written goals and monitoring progress continuously.

John is the Chief Financial Officer for MLG Commercial Brokerage in Milwaukee. He began his career as a CPA with Arthur Andersen (in its good days) and joined MLG in 2001. He has become the pivot in a large and complex brokerage made up of several business lines and strategic initiatives. His ability to balance these different strategies is the mark of an exceptionally capable mind.

He quickly grasped the logic of planning, recognizing the potential it has for developing a true brokerage team, especially between sales staff and the people who support them. Because of his leadership everyone at MLG understands where the company is trying to go and their role in achieving the company's vision.

It's no accident that MLG has been a top performer in the NAI commercial network and the recipient of a number of local awards, including their selection as Waukesha County's 2003 business of the year. John's leadership, his ability to stay focused on the task and his awareness of the needs of others are a key reason for MLG's success.

PRIZES! HONOR! FAME!

The winner of a bottle of Ste Michelle's 2002 Eroica Riesling goes to Dan Fochtman of General Parts/Carquest who submitted this issue's quote for my *I Wish I'd Said That* section. You can win, too. Just e-mail your quote to the address below. The best one will be featured in my next issue. I thank all of you who submitted quotes.

SUGGESTIONS? IDEAS? COMMENTS?

Drop me an e-mail: kuehnll@msn.com or a note to:

Dr. Lowell "Duke" Kuehn
Pacific NW Consulting Services
9812 Island View Lane West
University Place, WA 98466

NEXT ISSUE: A MODEL FOR COLLABORATIVE DECISION-MAKING THAT REALLY WORKS!