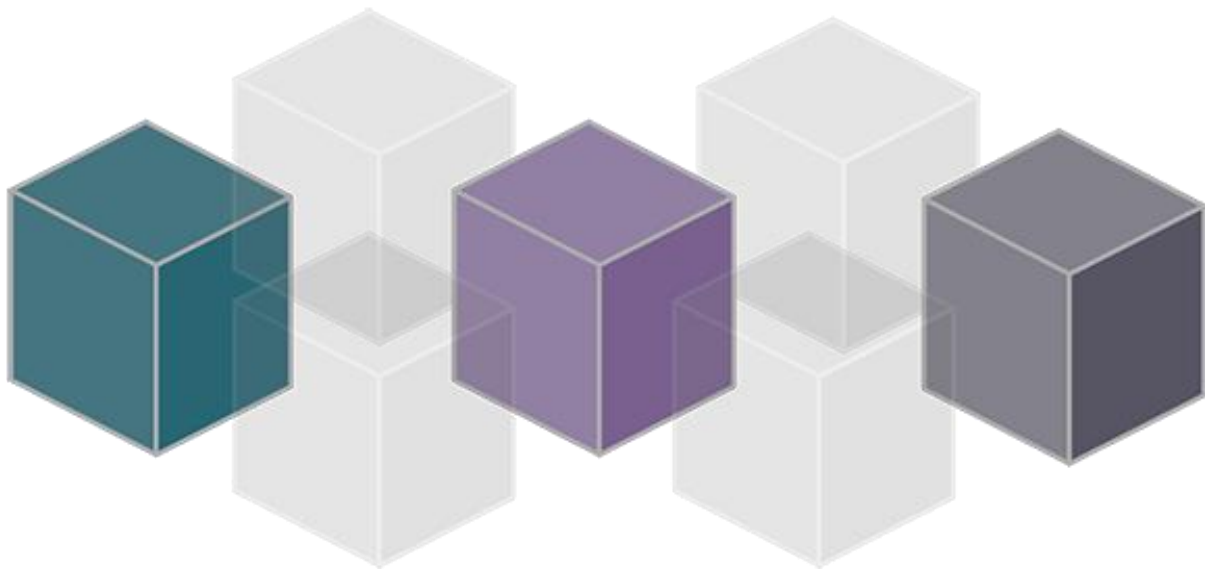


What CEOs Don't Know Can Kill the Company

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BY NICK THOMPSON

Everyone knows that attempts to change your organization to meet new market demands typically fail. Change initiatives fail over 75% of the time.

Everyone also knows that a key to successful strategy execution is to get your employees aligned with your strategy.

Yet, most CEOs and executive members are sorely unaware of what their employees really think or ask those employees closest to the customer what they think.

A recent Gallup poll¹ found that:

- 78% of employees don't believe their leaders have a clear direction for the organization
- 74% of employees don't believe their organization deliver on promises to customers
- 86% of employees don't think their performance review inspired them to improve

Why are CEOs and their executive teams so out of touch? In our experience, major reasons include:

- People are reluctant to tell the truth to power
- Bad news tends to get filtered out as communications go up the organizational hierarchy
- Senior executives do not interact with lower levels on a regular basis

In fact, studies² show that 86% of employees feel they are not heard, that those higher in the organization do not listen to their employees.

How can employees be expected to get on board with your strategy when they don't know what it is?

Why do you expect them to get on board when they aren't inspired to gain news skills?

So, what can executives do to help people get on board? In our experience, there are relatively simple ways to fix this.

Take the case of ABC consulting firm that was doing extremely well prior to COVID, lost over 50% of its revenue during the pandemic, and was now struggling to regain market share.

To get a handle on how to turn things around, everyone in the company completed a 15-minute survey on how they thought they were currently operating. The executive team also took an additional 10-minute survey to state how the company should be operating to be successful.



Some results were quite shocking to the CEO. Because he was focusing on recovering from the disruptions to business caused by the COVID pandemic,

he temporarily lost touch with what others within the organization were feeling. As a result, he was surprised to learn that:

1. His executive team was not aligned on how the company should operate to be successful in the future
2. The majority of people felt the company's purpose and values were not clear

The survey was a simple and quick way for the CEO to get back in touch with his organization. It counteracted many of the obstacles CEOs often encounter. He was able to hear what everyone was truly thinking. Since the survey was anonymous, it gave people the psychological safety to communicate what they were truly feeling. The survey allowed people to speak truth to power. As a result, the CEO heard the thinking from lower levels that had not been filtered by layers of management trying to protect themselves or the CEO from uncomfortable news.

As a result of the survey, the CEO clearly saw some major obstacles to regaining market share he was previously unaware of.

For example, he was now aware that he needed to clarify the company's purpose and direction. The company's direction was clear to him, but he had been unaware that it was not clear to most everyone else. He learned he needed to share and model the company's new direction.

Some good news in the survey was, the employees were highly motivated and even passionate about the company's mission. So, making the strategy clearer would go a long way toward leveraging that passion.

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Finally, he realized he needed to pay more attention to the dynamics on his executive team. What did the lack of alignment on how the executive team believed they needed to operate in the future mean? Was one person's different perspective a sign of healthy diversity of thought or an unhealthy sign of someone potentially inhibiting future growth? If it is a sign of healthy diversity of thought, how can that person's insights be leveraged? If the differences are an obstacle, is the person open to change or not?

Significant obstacles to successful strategy execution and change are often factors that leaders are unaware of. There are simple, easy ways for CEOs to learn the truth about what is going on in the organization and reveal the unknown obstacles that lead to the 75% failure rate of change initiatives.

However, it takes courage to hear the truth, especially when others in the organization have either protected you from it or avoided telling it to you. It may be painful at first, but the truth is necessary for making the best decisions. As James A. Garfield said, "The truth will set you free, but first it will make you miserable".

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¹Robison, B. S. B. A. J. (2021, September 20). How to Communicate to Create Stability Despite Uncertainty. Gallup.Com. <https://www.gallup.com/workplace/311288/communicate-create-stability-despite-uncertainty.aspx>

²Schawbel, . (2021, July 7). Listening to employees supports a positive return to work. World Economic Forum. <https://www.weforum.org/agenda/2021/07/listening-employees-supports-positive-return-to-work/>