Smaller Company CEOs and Cognitive Dissonance

Small company CEOs can't know and do everything. Small- or mid-cap executives must pull in resources to help when their teams may not have the breadth of expertise. The opportunity is to both drastically improve outcomes and to provide a learning situation for the management team.

Yes it is a provocative title for a blog. But it illustrates my point: Small- and mid-cap CEOs face challenges similar to CEOs at larger companies, but they have fewer resources to deal with the problems and have the added expectation of “having all of the answers.” This predicament often leads to varying levels of cognitive dissonance, such as struggling with management style. Should I have more of a command-and-control style versus one of open-mindedness and patience?

No one makes it to the C-suite without a healthy opinion of their own abilities. If this were not the case, ownership wouldn’t want them there in the first place. What I often run into at the small- to mid-cap company, though, is this command-and-control personality in overdrive, which leads to a distrust of any outside ideas or support—i.e., not invented here.

What large company C-suite executives already know is that they cannot know and do everything, and personal capability scope creep will sub-optimize results somewhere.

In an interview with Sara Blakely, founder of Spanx and the youngest female billionaire, she discusses some of her learning's from her journey to billionaire status. One of the keys she identified was that she realized that she could not be good at everything, and that hiring her weaknesses was paramount to growing the business (Also, see Forbes, April 2012, "Top Five Startup Tips From Spanx Billionaire Sara Blakely.")

Here is an example. I recently worked with a consumer products company that had some inventory challenges. We were able to show them a path to a 32 percent inventory reduction +/- 4 percent plus improved fulfillment rates and some related operational improvements resulting in about three-and-a-half times return on investment. We didn't use snake oil, but industry-accepted and standard methodologies that we have used to produce similar results at many companies.

Why wouldn't any company do this, right? Perhaps because there's a culture of "not what we have been doing, so it must not be right," or reliance on an in-house team that doesn't have any new ideas.

Consequently—same process equals same results. As leaders, we must be intuitive enough to see when we may not have all of the answers—or have the ability to realize there is a tree blocking our view of the forest. At the end of the day, we judge leaders on company performance, not how they got there. So, it is even more important for small- or mid-cap executives to pull in resources to help when their teams may not have the breadth of expertise. The opportunity is to both drastically improve outcomes and to provide a learning situation for the management team.

We've witnessed this step change in performance time and time again, in manufacturing, supply or distribution chain, product development, business processes, and in service industries. The process works by combining our deep experience in operations and process change with the synergies of group discussions. During the process, direct reports can demonstrate their strategic competence in making recommendations for improvement, and leaders can demonstrate their confidence in their direct reports by allowing them to test their ideas. This fosters both a change in performance and in management culture.

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