

Jim Pouliot, CEO of CSAA Addresses Alliance of Chief Executives

Requiring value based behaviors was the key to bottom line.

Summary

CEO's are too tolerant of executives that aren't top performers and that don't behave according to the values that the organization holds dear. CEO Jim Pouliot of CSAA talks to the Alliance about his experiences cleaning up executive teams. This essay explores why CEO's continually struggle with this issue, and what they can do about it.

Facts

- Company: CSAA
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- Head Count: 6,000
- Product/Service: Automotive Club
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By Robert Sher

As I sat listening the speaker tell us CEO's that we should only have executives and employees that match our value set and desired corporate culture, I started thinking of all the many times I had read and heard pretty much the same message.

HOW MANY TIMES DO WE CEOs HAVE TO BE TOLD THIS, UNTIL WE ALL START LIVING IT? (I am yelling out of frustration.) CEO's are generally leaders, generally bright, generally in control. Yet we love to hear this message, know that it is the truth, know we should follow this advice – but then don't. The audience loved the talk at the Alliance of Chief Executives meeting by Jim Pouliot, CEO of California State Auto Association on June 16th, 2006. SO THEN WHY DON'T WE INSIST ON GREAT TEAMS IN OUR OWN ORGANIZATIONS?

Then it hit me. It has to be one of three reasons:

1. We are too weak to tackle the hard and uncertain job of firing, hiring, and re-training, or

2. We are short-sighted about the ill effects of having suboptimal team members on board and prefer to have less chaos today, rather than more profits and a better company in the future, or;

3. We ourselves are out of control and are the ones causing the problem in our own companies – so how can we demand a higher standard of others on the team?

If you take umbrage at being labeled in such a derogatory manner, please prove me wrong through your own actions in your own organization. I too have certainly been guilty of tolerating substandard executives in my company, and plan to prove heretofore not to fall into one of these uncomplimentary categories.

There were a few key comments that Mr. Pouliot made that I wanted to emphasize. Most importantly, the litmus test for his team was that all their behaviors followed an agreed upon value set. Not only were the values identified up front, but specific



Jim Pouliot

behaviors for specific situations were detailed. Statements like, "If you disagree in a meeting, state your disagreement openly and candidly right away". To quote Mr. Pouliot, "Unambiguous rules of behavior".

He also stressed that the CEO and all management must own the cultural change, and that the leadership team must completely walk the talk. Anyone unable to walk the talk must go. He believed that being able to behave according to the value set was more important than any skill or aptitude, and that a business should keep and collect people with the right value based behaviors, then find appropriate posts for them that match their aptitudes. He also suggested that per-

formance evaluations be 50% weighted on a person's value-based behaviors.

But back to my tirade on why we don't fire executives that don't measure up.

Here are some of the best excuses I've both heard and used:

1. "They do some things really well, and dismissing them will cost us in those areas." (Like nobody else in the world could be better? There are lots of fish in the sea.)

2. "I hate confronting the person, and hate the fight to either make them stop, or fire them. I'll do it later...." (We all hate this negative stuff – but leaving them in place will create other larger messes, and it's our JOB to do this work – it's our responsibility. Toughen up.)

3. "I'll hire others to do what they can't or won't do, or to interface with the people they upset." (It's costly, and it never works. Every person makes waves throughout a department or organization. Those waves cannot be contained. The waves can be positive or negative – your choice.)

4. "If I fire them, they'll sue me – the costs could be huge". (And if they're this type, the cost of keeping them is probably also huge. Consult your labor lawyer, minimize the risks, and do the deed as intelligently and gently as you can, but plan it and get it done. Don't be a hostage.)

5. "We are dependent on them – some things will crash and burn without them." (Ditto if they quit or get hit by a bus. Dependency is bad at all times.

Train and restructure your way out of dependency, then act. And few dependencies are as great as the CEO fears.)

6. "Tackling the dismissal and the replacement and training is a big distraction from today's pressing business matters –it's just not a priority now." (True, but if you had an all-star team, they'd be handling most of the pressing business

ence on them, so that when the time comes to dismiss them, your company will still function well. Paper the file for HR if needed. Train others around them for backups. Learn what is in their head. This process should take no more than one to two months for the typical situation. Accept that you'll never have a flawless transition.

Then pull the trigger and get it over with.

Recover quickly by hiring the replacement fast, but choose really carefully. If it turns out that the replacement is a mistake, fire them quickly and try again.

I know. Your thinking, "It sounds easy, but its not.", and I agree. But the damage you'll cause by inaction is massive, even if it doesn't scream at you each day. It is:

1. Your best executives getting tired of having to deal with this guy.

2. Your team's positive energy being polluted with politics, negativity and distractions.

3. Lack of productivity in the department the problem executive leads.

Erosion of your stature as leader because of your tolerance of this deviant.

In short, you need your top team pumped up and focused. That can't really happen with a flawed team member aboard. Don't be weak, short-sighted, or out of control. INSIST ON GREAT TEAMS IN YOUR ORGANIZATION, and do what it takes to make it so.

Takeaways:

- ◆ Never settle for an executive (or employee) whose behavior violates the company's value set, or that doesn't perform exceptionally well.
- ◆ The costs of keeping sub-par people is incredibly high – much higher than the short term costs of a transition.
- ◆ Regularly assess your people to see if they will be big contributors to you future, and if they fail to make the "cut", lay plans and a time frame to replace them.

matters, and you'd have time to run the company. Having great people is the chicken – always put it before the egg.)

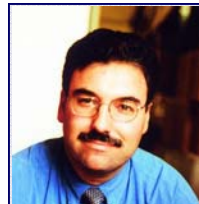
7. "Firing them might mess up their life." (Not usually. There are other workplaces, you know. But you don't need to fire immediately. If you are a good sentry, you will detect problems early. Tell the person where they are going wrong, and what you expect, and give them a chance. Don't mince words. If they are still not willing to deliver and to follow your rules, then they've earned the dismissal. You run a business, not care facility.

Please be done with excuses, and set a new course with four decisive steps. First, decide whether the executive will be a critical player in building your company's future, or if they are just filling a position. This should take no more than a few weeks if they've been working for you for a while. If they are not critical to your future, but their behavior matches your company value set, try moving them to a position more suited for them. Otherwise, go on to step two, which is crafting a plan to replace them.

Figure out how to reduce your depend-

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