

BECOMING A TOP MANAGER



TOOLS AND
LESSONS IN
TRANSITIONING
TO GENERAL
MANAGEMENT

KEVIN KAISER / MICHAEL T. PICH / I.J. SCHECTER

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'The transition to general management can be thorny, but Kaiser, Pich and Schecter make it both accessible and enjoyable. By letting us see through the lenses of three fictional leaders taking on new roles, they bring the journey to life, letting us feel both the growing pains and also the rewards. By the end, you will know these characters intimately, cheering them on when they succeed, shouting at them when they stumble, and smiling along with them as they acquire the practical skills and personal wisdom essential to becoming a general manager in today's global world.'

**Laurence Applebaum, Executive Vice President,
Women's Tennis Association**

'In *Becoming a Top Manager*, Kaiser, Pich and Schecter cleverly address the three vital parts of the transformation: managing the business, managing others, and, perhaps most fundamentally, managing oneself. They also integrate the views of many who have attended their programs and successfully applied the lessons in their own careers. The result is a highly engaging, highly readable book that should be mandatory for anyone preparing to take this important step in their professional journey.'

**Fulvia Aurino, Brand General Manager, Estée Lauder and Tom Ford
Beauty, Italy**

'By creating three fictional characters as chaperones on the journey, Kaiser, Pich and Schecter present the complex, largely unfamiliar world of general management with insight, empathy, and, in the end, inspiration. Anyone about to undertake this critical step in their career path will benefit enormously from reading *Becoming a Top Manager* and applying its lessons.'

Martijn Bödeker, Managing Partner, CATALPA GmbH & Co. KG

'*Becoming A Top Manager* asks and answers all the right questions when it comes to cultivating senior leaders! Kaiser, Pich and Schecter know exactly what it takes to make this journey from functional leader to GM. They outline a path fraught with complexity, but they don't sugar-coat any part of it. So if you're racing down the road to general management, make this book required reading – and doing.'

**Hal Gregersen, Executive Director of the MIT Leadership Center
and co-author of *The Innovator's DNA***

'In *Becoming a Top Manager*, Kaiser, Pich and Schecter skilfully and cleverly address the three vital pieces of this transformation: managing the business, managing others, and, most important of all, managing oneself. You will not read a book that addresses the transition to general management in a more astute and engaging way.'

Ricardo Ferrero, Global Marketing Lead, Baker Hughes

‘A must-read for those who aspire to become successful GMs. Kaiser, Pich and Schecter have done an excellent job of articulating the essence of general management in a compelling, inspiring and entertaining way.’

**Wopke B. Hoekstra, Partner, McKinsey & Company and member
of Dutch Senate**

‘*Becoming a Top Manager* is essential reading for anyone making the transition from functional leader to general manager. Readers will immediately relate to and learn from the fictional GMs presented within while being entertained and inspired by their experiences.’

**Roger Benson, Cloud & Mobility Multinational Sales Director,
Intel EMEA**

‘This book hits a powerful nerve in our world of change. Kaiser, Pich and Schecter brilliantly show how to transform into a top manager by not only managing the business, but also managing others, and, perhaps most crucially, managing oneself.’

Lutz Finger, Director of Data Science & Engineering, LinkedIn

‘*Becoming a Top Manager* is critical reading for those transitioning to general management or seeking to do so. The stories of the three fictional GMs allow one to really experience the transformation, supported by a unique combination of insights and acumen from the authors and their former students – and all built upon the fundamental objective of creating value.’

**Ross Evans, Group Manager, Exploration Appraisal &
Development, Origin**

‘*Becoming a Top Manager* is a witty, thorough, no-nonsense guide to the tough reality of managing a business, managing others and – most difficult of all – managing oneself. In the journeys of these three fictional GMs, you will surely spot yourself more than once. Keep this book handy!’

Laura Nemaric, Head of Corporate Treasury & Insurance Asia, Solvay

‘Integrating the experiences of many who have attended their programs, Kaiser, Pich and Schecter explain, in a practical and relatable way, how to tackle the key challenges managers in transition must inevitably confront. By introducing three fictitious managers on similar journeys, the authors have devised an unforgettable tool for offering wisdom, flagging pitfalls and enabling success in the next phase of your professional career.’

Arnaud van Oers, CFO, IHC Asia Pacific

‘Many books have been written on leadership development and transition, usually with a topical dissection of the attributes that need to be modified, changed or improved. Most of these books lack a regard for the intangible realities of operating as a leader, particularly concerning the struggles in learning how to elevate one’s horizon, consider value to the company before the department and forget about what one learned as a functional expert. *Becoming a Top Manager* uniquely captures and addresses these challenges by following three new GMs in very real situations that force them to reshape their behaviors, mindsets and priorities.’

Greg Bunker, Global Business Director, Dow Chemical

‘*Becoming a Top Manager* is compelling because it defies easy categorization. It is a rock-solid business book blended with inspirational fable. It offers both deep insights from its authors as well as illuminating comments from their former students. It is a frank throwing back of the curtain mixed with an encouraging pep talk for those embarking on the complex transition to general management. Read this book.’

Veit Dengler, CEO, NZZ Mediengruppe

‘Take your time reading *Becoming a Top Manager*. Be open to its teachings. Absorb the information it provides. Make it part of your own journey and adapt it to your personal situation. Kaiser, Pich and Schecter illuminate how to truly become a top manager – and how to position yourself to help those around you.’

**Frank Legters, Director Business Unit, Regional and Urban
Environment, Royal HaskoningDHV**

Becoming a Top Manager

Tools and Lessons in Transitioning
to General Management

Kevin Kaiser, Michael Pich and I.J. Schecter

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We would like to dedicate this book to the thousands of participants of our executive programmes who have inspired us, motivated us and taught us much of what we know about what it takes to become a top manager and how to do it well.

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who brought to life our fictional general managers, along with the accompanying cast of characters who gave voice to their mentors, sounding boards and foils.

Lastly, we are indebted to all of those who took time out of their busy lives and daily schedules to watch our fictional GMs in action and to provide the invaluable commentary, insights and anecdotes that give the book its true breadth and scope. Our contributors represent 18 different nationalities (including many who have spent time as expatriates) and a wide range of industries, functional backgrounds and roles. It is thanks to the input of this diverse group that we can confidently say our discussion of what it takes to become a successful general manager in today's global world transcends cultures and borders. You have our sincerest gratitude.

Introduction

Functional leaders promoted to executive positions often find themselves lost at sea – unfamiliar not only with the responsibilities surrounding their new role but unsure of the skills and tools necessary to execute them successfully. The marketing manager promoted to partner; the communications lead moved up to the boardroom; the unit head who suddenly finds himself at the executive table. Individuals in such positions tend to quickly discover that the knowledge and capabilities that allowed them to thrive in their previous job have little bearing on the new one, and that a whole new set of skills – or rather, a whole new way of thinking – is suddenly required. They realize that to deliver their new mandate they must change. But how?

We decided the best way to answer this question would be to pose it to past participants of our executive education programmes, a broad mix of people from different backgrounds, industries, companies and geographies with one thing in common: they are somewhere on the new learning curve of what it means, and what it takes, to become a successful general manager. We asked this community to participate in the project via an interactive online platform through which they would watch videos of our three fictional general managers in action¹ – general managers created to represent a fair cross-section of role, industry, background, gender, experience

¹The videos can be viewed at www.wiley.com/go/topmanager. See *About the Website* section for more details.

and personality – and then, in response to specific questions we provided, offer comments, observations and stories of their own related experiences.

We were delighted both by the enthusiastic response from so many willing contributors who took time out of their jobs and lives to watch the videos and provide comments, and by the depth and diversity of the insights and reflections they offered. These insights and reflections not only provided great context for the chapters that follow, they also allowed us to identify 10 key success factors that we feel will help guide others in making a similar transition from functional to general management. We present these 10 themes below, which you will see repeated throughout the book.

Key Success Factors for Transitioning to General Management

Being an effective general manager requires the same thing today as it will require tomorrow: the willingness to lead, the openness to learn and an unwavering commitment to creating long-term value. The transition to general management is a change indeed, and it requires serious mental and emotional effort. Frequently, it represents a shift away from everything one has known in the past, and often entails the unlearning of lessons one has spent years trying to make second nature. Moving from a task-oriented role to a role of managing the tasks of others (management) and then to general management (where one is now responsible for managing the managers) involves significant changes in scope and comprehension.

Among the most difficult of the changes required by moving from a role of management of task-oriented people to managing the managers is the complexity of the jobs of those you are now charged with managing. When managing people with relatively clearly defined tasks, it is not overly risky to characterize success

and failure within those tasks as delivery against a set of clearly defined indicators. However, a manager's role is far more complex than can be easily summarized by a set of indicators, no matter how clear or concrete.

The success of a manager includes delivery on multiple dimensions, each of which is imperfectly captured by concrete indicators, and which, when viewed together, are extremely difficult to measure in any straightforward way. For this reason, to assess and motivate the performance of managers, the general manager must be capable of seeing beyond the concrete indicators, which might summarize 'what' the manager accomplished, to assess 'how' and 'why' the manager delivered against them. The general manager must be capable of assessing whether delivery against the concrete indicators might have been at the expense of the long-term health of the company. While this big-picture view is difficult to explain and nearly impossible to measure, there are key success factors that we feel will help any general manager achieve the task.

1. Questions are more important than answers

Successful functional managers often attribute their success to the knowledge and experience they gained in their previous functional role. Having become accustomed to having the answers, they experience great difficulty transitioning to a role that relies more on asking good questions. A general manager cannot have all the answers. He or she must instead learn to ask the right questions of his or her managers to assess how well they are managing the business.

If your people are simply waiting to be told what to do instead of playing an active role in problem-solving, then you have misunderstood your role as general manager. It is virtually impossible to imagine a business situation in the modern world in which the general manager knows what each person in his or her charge needs to do in order to succeed. Nor is it feasible that the GM knows

which indicators will hit which levels by which date while the business is achieving long-term value creation. Instead of telling people what to do, or what to deliver by which date, the GM must work to ensure that people are actively asking the right questions. And the surest way to prevent your people from asking the right questions and contributing to the ongoing adaptability and problem-solving of your organization is to start telling them what to do instead of asking how you can help.

2. Trust is key

When people look upward within the organization, they see a boss who has the power to overrule, embarrass or fire them. For this reason, their natural reaction to any person above them in the hierarchy is a combination of admiration (hopefully) and fear (unfortunately). As a functional manager you may have been the boss, but people could identify with you because you shared a functional identity and you were tasked with looking out for the interests of that functional area.

As a general manager, you no longer share this functional identity with those below you. Worse, you may have to make decisions that may not be seen as being in the best interests of the functional area you previously led. To ensure that everyone continues to speak openly and honestly to you as you move up the ladder, you must demonstrate fairness, openness and genuine respect. The honest input and feedback from those 'below' you is the key to success in your general management role, which means you must be conscious of behaviours that will compromise their willingness or ability to provide it. If they fear your authority, they will quickly shut down, but if they know you respect and value them, they will be forthcoming in the manner you need them to be for your own success. This trust can take years to earn, but can be lost in an instant.

3. Beware of your expertise

As mentioned, successful functional managers often attribute their success in moving up through the organization to the functional expertise that has to date propelled them forward. While this expertise may drive success and confidence, it may also prevent proper appreciation of the relevance of other areas in the company. As one moves up into a general management role, the ability to see and prioritize all areas of the business becomes key, yet the natural reliance on one's comfort zone may inhibit, or completely mask, this ability.

In addition, there is evidence that humans selectively focus on and recall data that supports their assumptions, which means our biases may increase, rather than decrease, as we become more knowledgeable on a topic. As a result, our expertise in a particular business function may simply strengthen incorrect presumptions and, worse, by building unfounded confidence, close our minds to the willingness to incorporate new data.

This effect is exacerbated by the tendencies of those below us in the hierarchy to agree with those above, further enhancing our misplaced confidence and solidifying our mistaken assumptions, especially if reinforced by those who have moved even further up the ladder.

4. Value is not earnings. Or market share. Or share price. Or ...

Moving into general management means expanding your scope on two key dimensions: (1) from short-term to long-term thinking; and (2) from a single area of responsibility to the impact on the entire organization. The concept of managing for value incorporates both dimensions, and is distinct from the tendency, especially for lower levels of management, to focus on narrow indicators that do not capture the performance implications for the entire organization or

short-term targets that cannot incorporate the long-term impact of any decision.

We define the value of an organization as the present value of the expected future free cash flows discounted at the opportunity cost of capital. This concept is explained in detail in a recent book by one of the authors, *The Blue Line Imperative: What Managing for Value Really Means*. The expected future free cash flows are not simply those as estimated by management; they also incorporate unseen effects in other areas of the business, and in the future. For this reason, any estimate of value is by definition incorrect. The process of continuous learning is needed to ensure steady improvement in estimation in order to reduce the risk of value-destroying decisions.

The new general manager needs to resist the temptation to oversimplify the job by choosing to define success by narrowly defined, short-term performance indicators, and must instead maintain integrity by focusing on the long-term, organization-wide impact of any act or decision. The only way to expect those below you to do this is to demonstrate it yourself.

5. Business is about serving customers

Every decision in business must be oriented around serving customers, and doing so in a way such that the organization makes enough money to support its continued health. Your organization does not seek this goal in isolation. Other companies are trying to serve your customers with similar products or services, and any success of theirs will come – to some degree – at your expense. Survival depends upon having a sustainable competitive advantage in the ability to serve customers while making money. Any discussion not focused on this customer-driven, efficiency-oriented perspective is one that needs to be reframed.

6. Bias has no place in sound decision-making

It is well known that the human brain tends to follow mental processes which make use of shortcuts resulting in a variety of different biases. These biases show up in the way we search for and select data. They also affect the way we make decisions. (One example is that we often have a bigger aversion to losses than attraction to gains. Another is that, when making decisions in teams, we are susceptible to considerable influence from others.) Finally, these biases can inhibit our ability to learn. For example, we have an easy time giving ourselves credit for successes, but we tend to find excuses for our failures rather than deriving important lessons from them. The GM must be conscious of these biases and be vigilant in mitigating their impact – by forming diverse teams, soliciting independent opinions, collecting broad data sets, reframing questions, and assigning and rotating the role of devil's advocate, among other techniques.

7. Morale counts for everything

The general manager doesn't really *do* anything. Rather, he or she is responsible for managing the managers: those who do tasks and manage others who do other tasks. If your people are not excited, motivated and determined to come to work, to continue to learn and adapt, and to drive decisions and actions to continuously re-establish the business's competitive advantage and use it to create and capture value, then you are not succeeding as a general manager. Use regular feedback to assess whether your style is motivating individual members of your team, and always search for solutions to maintain high morale.

And remember, in spite of the pressures of business, people like to have fun. Look for opportunities to release pressure and build team morale through activities such as innovation competitions, brainstorming exercises with prizes for the best ideas, and team-building exercises oriented around problem solving.

8. Success depends on teamwork

In addition to building morale, a GM must ensure that ongoing communication is taking place between team members to minimize siloed thinking, reduce inconsistencies and avoid conflicting efforts, which undermine overall efficiency and effectiveness. We work in teams to accomplish tasks one person cannot achieve alone. But there is a difference between a high-performing team and a low-performing one, and this difference is the GM's responsibility.

To achieve high performance, the team must have trust across all parties, a shared respect for the different roles, a common objective (creating long-term value) and regular communication. The general manager must be vigilant in ensuring these elements are in place, and are continuously reinforced and transparent to all.

9. Learning comes from trust and fairness

The challenge of business – to deliver value to the customer more efficiently than the competition – is unrelenting. In order to continuously build the competitive advantage that allows the business to achieve this goal, all members of the team need to be involved, motivated and working in a coordinated way. Moreover, they must always be searching for new, innovative and creative ways to do it as the world – consumer preferences, regulatory rules, the competitive landscape, the technological frontier, the macroeconomic environment, and so on – continues to change around them.

This continuous learning can take place only if all members of the organization perceive fairness in all dealings and a sense of collective trust both in one another and in the decision-making process itself. The GM must always seek opportunities to reinforce these pillars and must, with equal diligence, watch for behaviours that undermine them.

10. 'Practice time' is critical

We learn through failure and the conscious effort to reflect on it, so that we can modify the process or adopt new techniques to improve. Musicians, athletes and others recognized for displaying high levels of performance in a particular area all go through a similar learning process: practice, feedback, reflection and coaching. These high-performing individuals are diligent and deliberate in practice, and in maximizing the learning from experimentation, so that their 'best' becomes subconscious and can be instantly deployed come game time.

The general manager must actively look for ways to incorporate experimentation and learning through feedback into day-to-day business. Only he or she is able to provide this space by encouraging learning, supporting experimentation and avoiding behaviours which hinder either one. Learning occurs when the GM builds experimentation into the business in such a way that potential losses due to failure are less than the expected value of the learning to be achieved. The GM who can build into the day-to-day management of the business a culture of continuous learning through small-scale and rapid experimentation will be rewarded with motivated teams and a productive organization.

* * *

We have organized this book around three broad categories relevant to every general manager: managing the business, managing others and managing yourself.

The first section, Managing the Business, provides a concrete business context for the more personal leadership issues discussed in the latter two sections. The three chapters in Section 1 will examine the idea of long-term value creation, explore the implications of a long-term value perspective on business decisions and conclude with the importance of translating an understanding of the concept into actual financial calculations.

Section 2, *Managing Others*, deals with the difficult leadership transition of managing your team in a new context – that is, as a general rather than a functional manager. As the functional manager transitions to a role of general management, the challenge now becomes one of managing the managers, a greater challenge than was managing the doers who were often merely waiting to be told what to do. Good GMs do not simply tell the managers what to do; they seek ways to motivate, encourage and maintain a shared commitment toward the goal of value creation, without actually telling anyone what to do.

The key to success in managing others is the kind of communication that fosters an open environment perceived by all as fair and trusting. The three chapters in Section 2 deal with the new relationships created by the altered hierarchical positioning and the according need for improved communication, the challenge of managing different personal and political factors and, finally, the importance of both separating emotions from decision-making and keeping biases, personal agendas and opinions out of the process.

In the final section, *Managing Yourself*, we delve into the deep personal awareness needed to be a fully-performing general manager. At this stage of the journey, the only thing that matters is the ability to learn how to learn – constantly, and without allowing opinion, personal agendas or political manoeuvring to compromise value-based decision-making and effective management of those around you.

To become truly successful leaders, general managers must embrace their own individual journeys, which will in turn allow them to complete the transformation into ongoing creators of value for their organizations. The three chapters in this final section tackle three highly sensitive and important issues: managing one's own feelings in order to empathize with others while remaining an objective and effective leader, becoming comfortable and confident about one's role without having to be an expert on each topic or feeling a sense

of competition among your peers and, finally, successfully managing subconscious motivations, to remain effective, fair and, as ever, value-oriented.

* * *

In the chapters that follow, you will encounter each GM's individual scenario via a description or transcript of the situation in which they find themselves, mirroring what we showed on the videos in the interactive platform. Also listed are the specific questions we asked our participants to respond to. We then proceed to a general discussion about the comments received from our contributors, according to specific themes that emerged and, finally, to our own commentary regarding the original situation, the varying factors at play, the reactions and behaviours of the particular GM, and what it means to his or her overall evolution.

Our goal in creating these general managers and their respective passages was not merely to solicit reactions from those already familiar with the ideas we teach. It was to highlight the multifaceted changes that anyone must face if he or she is to succeed as a GM in a truly global, rapidly changing and fiercely competitive world.

Allow us to introduce our three fictional GMs:



Freddy Walsh is VP IT, North America, for Prism International, a New York City-based media conglomerate focused on distribution

of film and television content, with over 5000 employees and offices in 15 cities across the globe. Freddy has held four different positions within Prism over the course of a dozen years. He has moved three times during his tenure with the company, first from his native Toronto to San Francisco, then from San Francisco to the company's headquarters in New York City. This most recent move is just weeks old, and coincides with Freddy's promotion to the current position, which now makes him part of Prism's senior management team.

With the traditional revenue model collapsing and media going increasingly digital, Prism International is in decline, as evidenced by shrinking market share and decreased revenues. The need for a new strategy is overwhelmingly clear, but senior management is showing a collective reluctance to throw off the chains and take action. Freddy believes radical change is needed, but he lacks the communication, leadership and persuasion skills to get others on his side. He feels his logic is sound, but he's never been great at winning others over to his opinion. As an IT guy, his expertise is in logic and explanation, not rhetoric or debate. Freddy feels there is a need to experiment, learn quickly and adapt to the changing consumer and technological reality. But he struggles to express his opinion – plus, he's the new guy.



Nancy Iwala, a second-generation African American, is Senior Finance Advisor with The Tipton Group, a midsize steel manufacturer in Pittsburgh. Nancy joined Tipton after spending a decade in

various finance positions at Whitesands, a regional sugar refinery and distributor. Whitesands was a highly-siloed company, where Nancy held a senior position but collaborated little with her counterparts in other divisions. Though she had considerable influence over Finance-related decisions, she rarely had to discuss or debate decisions with anyone outside her own department.

Tipton's previous CEO, Miguel Jimenez, left the company just before Nancy arrived, part of the fallout from an accounting scandal that shook the organization. The company has grown steadily for over a decade and, despite the sound business foundation that remains, is now in a precarious financial position, leading to a plummeting stock price and shareholder nervousness about what strategic direction the company will take. Nancy's role is one of half a dozen that have been replaced.



Hugo van Groten is a newly-promoted General Manager at AMR, a Brussels-based distributor of kids' toys. Hugo has been with AMR for 14 years. It is the only company he has ever worked for. Hugo came directly out of his MBA and into a marketing position, and has ascended the marketing ladder with AMR over the course of his career. He has been promoted to GM EMEA from his previous role as Director of Marketing. His new role makes him part of the dozen-strong executive team. He will now report to Daisuke 'Dino' Tai, AMR's CEO.

We hope that the concepts we discuss and the views we provide in this book will help you embark on the journey toward general management with confidence and clarity, and that you will form your own thinking around the issues and challenges we present via the journeys of Freddy, Nancy and Hugo. To that end, at the conclusion of each scenario discussion, we include a box called 'Your Thoughts'. We encourage you to pause, reflect on what you've watched and read, and record some of your own contemplations.

Everyone's context is different, and it is not accurate to say that one success formula applies to every individual in every situation. However, we do confidently assert that the concepts presented in this book, considered properly and applied diligently, will provide a foundation from which effective general management can result. In these pages, Freddy, Nancy and Hugo will tackle the most crucial aspects of becoming a successful GM in today's business arena, and they will undergo the essential changes in personal and professional mindset that can translate, ultimately, into ongoing success.

We wish the same for you.

Section 1

Managing the Business

