



CNEXT

MANAGING STRATEGIC COMPLEXITY

2.7.2023

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In times of great complexity, executive leaders need to lean into the things only they can do. They are the custodians of the direction the company steers toward and the attitude with which it executes. Complexity requires leaders to be clear, confident, and manage themselves as well as they do others.

01 SET THE COURSE

Outline the vision

Set a course of how the company will adjust to complexity to achieve profitable growth. Refine it, shape it constantly, reinforce it through communications, and create a positive climate behind the vision.

“You need to have a clear, well-defined strategy that will create alignment within the organization and provide direction to everybody.”

- Marillyn Hewson

Go on a listening tour

Whenever you move into a new role, visit people where they are and listen to all points of view regarding the company. Early in your tenure, you can learn the most from your customers, employees, suppliers, and primary stakeholders.

“You're the newbie, you're in the honeymoon phase, they're going to tell you things they won't tell you after you've been in the seat for a while.”

- Marillyn Hewson

CASE STUDY

Listening changes results

In the two months between when Marillyn was named CEO and when she took over the role, she went out to understand what was happening in the business.

Three key lessons would define the changes she made as CEO:

1. Some leaders were talking at the customer to the extent that they were not hearing or understanding their needs.
2. Customers were facing severe budget pressures and needed solutions that were sensitive to affordability.
3. Lockheed Martin sat on powerful international relationships but had let many of them go dormant.

Between 2013 and 2020, Marillyn steered Lockheed Martin's sales from \$45bn to \$65bn. She increased international sales from 17% to 30% of total sales.

02 SET THE TONE

Change the narrative

The top executives set the tone with the internal and external stakeholders. Be confident in your team, your capabilities, your position in the market, and your portfolio of products. Know your priorities and talk about them in every interaction with employees, investors, and your leadership team.

Communicate what you are going to do, how you are going to do it, and why you are doing it the way you are. Be consistent and repetitive.

"I outlined in a regular, consistent way that we are stable, we are optimistic, we have a bright future and we're going to take this company forward. You could feel the energy of that."

- Marillyn Hewson

03 SET THE PRIORITIES

"There are certain things that need to be in place because there is going to be a surprise every day."

- Marillyn Hewson

Have one voice

Operating as one executive team collaborating across business units helps to network resources and provide a total solution to customers. From the customer's perspective, they should deal with only one company.

CASE STUDY

One goal

Marillyn ran the largest business unit of Lockheed Martin before she ascended to the CEO role. She was acutely aware of the intra-unit competition for innovation resources and its detriment to the organization.

As CEO, she institutionalized processes to look at innovation as one company.

As a result, investments in the technologies that Lockheed Martin leads today – hypersonics, laser weapon systems, AI, augmented reality, autonomy – were stepped up as early as 2013.

Define the priorities and message of the executive leadership to ensure that everyone has a coordinated approach. Bring all the leaders of business units and functions together at least once a year to align them on how to drive the business day-to-day.

Mold mindset through incentives

Align the incentive system to reflect your expectations. All the direct reports to the CEO should be on the same annual and long-term incentive to encourage them to operate as one team. Below that, allow for rewards based on individual business unit performance.

“If one business unit was struggling, they would put resources from theirs into that to help, because as all the boats rise, everybody rose.”

- Marillyn Hewson

Innovate collectively

Innovation has the most impact when spending is prioritized as a single budget for the whole company. Encourage all business unit leaders to collectively list the customers' priorities.

Reallocate innovation spending in order of the priorities, pulling funds from items at the bottom of the list and doubling down on those at the top.

Expect internal resistance but remind leaders that long-term growth of the whole company depends on getting ahead of the customers' needs.

“It was a mindset that said, we're going to operate as leaders of Lockheed Martin, not as leaders of our business units. And with that mindset, we're able to do what is collectively the best for the company and do it together.”

- Marillyn Hewson

CASE STUDY

Allow flexibility

Over her career as a CEO, Marillyn increasingly allowed more flexibility to her teams regarding their work hours.

She instituted a 9/80 work schedule that allowed every other Friday off. This gave executives and other leaders more time for thinking and planning.

Many of her team would use the time for focused work or take a long weekend to refresh. As a result, the leadership team was more effective.

Set the rhythm

As a senior leader, you can set the rhythm for the rest of the company. Before the end of each year:

- Lay out your calendar for the following year.
- Include all planned engagements with your direct reports: weekly staff meetings, monthly strategy meetings, and quarterly reviews with each business unit.
- Add your commitments such as investor and board meetings, required travel, and vacation and family time.

Once your calendar is set, encourage your direct reports to fill their calendars and apply the same process to their teams.

By setting the rhythm upfront, you avoid the disruption from everyone having to drop everything to adjust to meetings set by the top leadership. When unexpected events occur, you already have a framework to operate within.

Set expectations

When you come into a new role, lay out your hypothesis of where you want to take the business. Outline your management process and your expectations. The leaders below you want to know how to work with you, how you like to communicate, and what your values are.

“I think everybody wants to line up with their boss. They want to do well in their jobs.”

- Marillyn Hewson

By setting the expectations clearly, you create concrete reference points to refer to should somebody’s behavior not align with what is needed from the team.

Let go of people respectfully

There are times when an employee will disagree with your vision and your focus, and you have no choice but to remove them. Do so respectfully by comparing their objectives with yours and communicating the need for everybody to pull in the same direction.

Replace people early in your tenure. Allow enough time for people to adapt to your new direction, but don't allow them to get comfortable. If people aren't removed early, they assume that they will not be removed under the new leadership. Replacing them after that point will create lasting insecurity among others in the organization.

“Don't be too swift because they'll think you are not thoughtful, but don't wait too long to make the changes you need to make in the leadership team because that's going to drive the entire organization.”

- Marilyn Hewson

If somebody is a viable performer but unsuitable for their job, help them transition to a respectful role that aligns with their capabilities.

04 MANAGE YOURSELF

Understand your time

Time is your scarcest resource. Understand where you spend your time and whether it drives the business toward profitable growth. How does your time allocation reflect how you are trying to accomplish the vision for your customers, employees, shareholders, and other stakeholders?

CASE STUDY

Improve through measurement

Marilyn aimed to spend 50% to 60% of her time on strategy performance and the customer and 10% to 20% on talent.

She had a technical assistant that tracked where she spent her time and at the end of each month, reported against the goals she set.

Marilyn compared the results monthly and annually and adjusted quickly when she saw that her time allocation did not align with her priorities.

Set goals for how much time you spend on each activity or stakeholder. Planning your time will make it easier to allocate space for the continuous learning required to lead in your position.

Tracking your time will help you to evolve as a leader. The first year in your role may require you to spend more time on business reviews and team management. This should change in subsequent years as you and your teams adapt to each other and the advancing strategy. Without a clear view of how your time allocation is changing, you won't be able to observe and adjust where necessary.

Think like an athlete

The higher up the organization you get, the more responsibility you may feel for the people that depend on your company's success. It is easy to put yourself last.

Marilyn's tips to keep yourself at top performance:

1. Seek people outside of your company and industry who understand the challenges you face.
2. Respect the time you allocate for vacations and family.
3. Maintain a regular exercise routine.
4. Sleep.

“People talk about work-life balance. I don't think it's really a balance. It's where you need to focus at that point in time. But don't short yourself.”

- Marilyn Hewson

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Members participate in virtual meetings to gain insights, approaches, and tools to tackle their most pressing leadership and business challenges, while also developing valuable peer networks for the future - all to accelerate organizational performance and achieve their business objectives and professional aspirations.

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