



CNEXT

TURNING CRISIS INTO OPPORTUNITY

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LED BY:

STEVE FREIBERG

Former CEO, Citigroup's
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former CEO and Chairman,
ETrade.

There is opportunity in adversity and there is a lot of risk. But by recognizing challenges early and being bold and relentless in driving the necessary change, you can lead the company to first survive, and then succeed.

Successfully leading a company out of a crisis requires vision, leadership, management, execution, and results.

“Leadership is not enough; management is not enough; execution is not enough because ultimately we get paid for results.”

- Steve Freiberg

Very few people embody vision, leadership, management, execution, and results. There are people that are visionaries, but they're not terrific leaders—people who are terrific leaders but may not be terrific visionaries. And visionaries and leaders may not have the skill set to translate that into management and execution, ultimately driving outcomes or results.

Your role as a leader is not to be everything that a crisis requires, but rather to ensure that everything required is in place.

“Great vision doesn't always translate into great execution and results, but great vision retooled could.”

- Steve Freiberg

CASE STUDY

Vision is not enough

Before credit cards were widespread in the US, it took months to process the application, review, and approve a new credit card.

Citi developed a concept for pre-approved credit cards with a much faster turnaround. The vision was excellent, but the execution failed.

Citi was not ready to grow at scale and was legally vulnerable to fluctuations in the interest rate.

After launching the new strategy, they were forced to build the components necessary for their growth path.

They moved states. They built models for analytical marketing and underwriting. They changed their culture to be more receptive to scale and learning and brought in new teams to build industrial-strength operating capabilities.

Ultimately, Citi succeeded in its credit card strategy but could have accelerated its success had the vision initially been backed up by the correct leadership, management, and execution.

01 CREATE THE PATH

Set the end game

Not every crisis drives opportunity. Usually, within a crisis, there are good and bad opportunities. Decipher one from the other by seeing out over the horizon to how different scenarios may play out.

Think through the resources that are required and who will provide them. Define the economic model you need. Lay out the timeframes and the gates that will tell you if you are delivering or not.

Define the components

Once the vision is set, people need to live through the path to make it a reality. What capabilities and competencies do you need, and which do you already have?

Who will be responsible? What is your timeframe? What are the risks? Do the benefits outweigh the costs?

“If you get a sense that you're just hearing words, but the conviction is not strong, there is a probability you're being set up to fail, and people will essentially move away from you.”

- Steve Freiberg

02 LAY THE GROUNDWORK

Speak the same language

Speak to everyone in the company the same way that you would speak to your direct reports. You may have to modify your information due to context, but ensure that everybody speaks with the same language, conviction, and understanding of the mission at hand.

You want an organization that respects people and their ideas regardless of where they sit within the company.

“I don't wake up in the morning and say, ‘I'm going to define a culture,’ but I know when I'm there how the place should feel, and that's worked for me.”

- Steve Freiberg

There are times when you may not have the right audience within the company. Figure out how to carve up or carve out what you can get done.

Ask for long-term plans

Success within a year is less meaningful if it's borrowing success from the future. Ask for three- to five-year plans. Ensure the dialogue is strategic and financial and accounts for needs that arise as the execution matures.

“If the numbers work, everything is relatively easy, but if the numbers are not working, then it's hard to fit that whole picture together and push hard.”

- Steve Freiberg

CASE STUDY

Build the right foundation

In 1992, Steve moved to Miami to run a retail bank franchise of Citi's Global Consumer Group.

The bank was losing \$50 million a year. After Steve had spoken to all 700 people in the franchise, he decided they did not have the talent to pursue the vision or the strategy needed to save the business.

Steve set about to retool the human capital of the company. He explained the vision for the company's new direction and the required capabilities and asked employees if they desired to be a part of it.

Most did not, as there was great resistance to doing things differently. Steve set up an outplacement firm and replaced 600 of the 700 people in the firm.

Listen

You need to form a view of the people and capabilities of the organization. Speak to as many people as possible, individually or in small groups. Understand the differing views from all sides of the company.

Connect to innovation

Innovation will drive disruption. Know where it occurs within your industry and tangential to your industry.

"The hardest organization to change is one that is and believes it's successful."

- Steve Freiberg

Invest in innovative companies, or gain a seat on their board, to get visibility on upcoming opportunities and threats. Keep your ear to the ground, understanding who's winning, who's ahead, who's behind, and why.

Hire people you can trust

If you need to replace people, try recruiting talent you have worked with before. Prioritize people with good judgment and high integrity.

"Hire people that are smarter than you and who work harder, and don't be afraid of them."

- Steve Freiberg

The quickest way to change the culture and capabilities, is to change people. To move with speed and conviction, assess the talent and whether it's enough to succeed.

03 ACT

Move quickly

If there is a compelling vision, leadership is the capacity to sell that vision to the rest of the organization and convince them that it's highly beneficial to come along for the ride.

Sell the vision quickly and with conviction. You need support from the organization if you are to realize your objectives. Before executing, know who supports you and what resources they will commit to their support.

“After about 90 days, if you don't set in motion a vision, you are basically deemed no better than your predecessors that created the issue or the crisis.”

- Steve Freiberg

Be direct

Communicate both the good, the bad, and the ugly. Garner respect by being transparent and confident.

“If you want to take on not only leadership, but more complex levels of leadership, then the organization is looking for you to assure them that they're going to be okay.”

- Steve Freiberg

Translate vision and leadership into management that can build the plans and drive the capabilities needed to execute.

CASE STUDY

Lead through control

In the late 1980s, Steve built the broker dealers for Citi's first brokerage companies. The broker dealer relied on getting warm leads from the retail bank to provide customers with enhanced services.

The expectation was that having customer data through the retail bank would become a highly profitable business due to the low acquisition costs.

Yet, when Steve tried to implement the vision, the head of consumer banking resisted the partnership due to concerns about the broker cannibalizing the retail bank's business.

Through careful data analysis, Steve proved that the money was leaving to competitive broker firms rather than cannibalizing internal business. Metrics proved critical to aligning strategy and making the correct decisions.

Steer by metrics

You need to understand when things are going right or wrong. Install great measurement infrastructure to read and understand signs of change and progress early.

Codify and embed within the organization the processes by which people use data to understand how the business works. Develop a culture that tests and learns. People need to know the business's drivers, how they should look at it, and when they should feel alarmed if something doesn't seem right.

“There's obviously, like in investing, there's a risk spectrum. The question is, where do you fall? Then, how bold do you want to be?”

- Steve Freiberg

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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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