

chapter 1

real conversations

Tuesday, 8.58 am. The Executive Team of O'Donnell's Jelly Bean Company assembled for what promised to be anything but the usual 9 am executive meeting.

Walking to the boardroom from their plush offices, the team members crossed a foyer dominated (tastefully) by two identical displays of three two-metre-tall crystal cylinders on either side of the automatic glass entry doors. Each cylinder was full to the brim with those monster O'Donnell's jelly beans—red closest to the street, then black, then blue.

As you enter the O'Donnell's building, those jelly-bean cylinders escort you like a guard of honour towards Susan, the ever-smiling receptionist. An inconspicuous glass lid sits firmly atop each cylinder to ensure that no-one samples from the display. Floor lights project upwards to complete the striking effect.

By 9 am everyone was seated and attending to final emails on their phones and laptops. Cups of coffee and bottles of water sat on coasters to protect the lush, wood-grained table, the compulsory three dishes of jelly beans in the middle of the expansive table and papers at the ready.

Like most businesses, the O'Donnell's Executive Team was made up of the heads of each of the six key divisions:

- Operations (manufacturing and logistics)
- Sales and Marketing
- Research and Development
- Human Resources
- Corporate Services (finance, information systems and administration)
- Customer Services (currently without a division head).

The other member of the team, Charles Enright, was appointed Chief Executive fewer than three years ago after two decades with one of the world's leading strategy consulting firms. The position had become available due to the sudden death of the previous CEO, and Charles had convinced a former colleague turned headhunter to recommend him to the board, who were impressed by his CV, but—in hindsight—missed his glaring lack of people leadership skills.

A highly experienced consultant—who for some reason had cultivated an English accent without ever having lived in the country—Charles had a reputation for providing brutal feedback to company boards on the quality of their business strategies and leadership. He was rumoured to have confirmed more than once to his Saturday golf colleagues that 'O'Donnell's is extremely fortunate to have me'. No-one needed a rumour to confirm Charles's arrogance.

Since Charles had arrived, O'Donnell's executive meetings had been unpleasant and unproductive, with each leader giving an update on performance in their division followed almost automatically by a flurry of sharp, critical questions from the CEO.

'No excuses, no surprises, just results', was Charles's mantra, and it effectively smothered any strategic conversation and caused everyone to fall into line like compliant children.

Despite the CEO's uncompromising need for control, things started to unravel last year when the multinational Jellicoe Candy Corp parachuted into O'Donnell's most important markets,

dropping O'Donnell's sales by more than 25 per cent in just six months. Now, twelve months later, the sales graphs were still heading south and only the cost savings from the first round of bitter redundancies temporarily halted the slide in profitability.

Everyone sat impassively as Charles opened the meeting in his typical threatening tone, with eyes fixed on the wall ahead of him, addressing the air in the room rather than his team members in person.

'Yesterday's board meeting was the most difficult in all of my time at O'Donnell's. The board is clearly of the view that the attempts to resolve the downslide of the past year have not been successful and unless this quarter's budget is achieved we will be compelled to cut 20 per cent of costs right across the company. I'm deeply insulted by the situation and have never in all my years in business seen a team that's worse at executing the business strategy.'

He paused to glare at the executives, one at a time.

'Find answers or heads will roll', he ordered while thumping the table for effect.

No-one spoke. For Steve Edwards, head of Operations and the newest (and most articulate) member of the team, it wasn't what he had expected on joining O'Donnell's six months ago, but the business challenge didn't particularly faze him. This was a good company—with good people and good products—that was ripe for growth.

What concerned him much more than the numbers was Charles's leadership style and its impact right through the business. Steve had seen executives 'burn the furniture' to make the figures look good. Invariably they killed the culture and the company in the process. Charles was a furniture burner if ever he'd seen one.

Steve would bide his time. There were things that could be done, and after three years in a bigger and more complex job in London he, more than anyone else in the room, saw huge opportunities in the challenges confronting O'Donnell's.

Never one to miss a chance to push his agenda, Ron Grisham, head of Corporate Services and self-appointed 'finance guru', took the opportunity while others were deep in thought to run

through the numbers to support Charles, who he knew loved financial models.

‘Our sales are down by more than 30 per cent quarter on quarter’, he said, waving a complex-looking spreadsheet, ‘and despite some minor productivity improvements in Operations I can’t see an upside. My recommendation is that we make cuts now in Sales and Operations and don’t wait until the April board meeting’.

Ron was pleased with how authoritative he sounded and looked to Charles for a nod of approval. It wasn’t there.

Jimmy Goh, the dynamic head of Sales and Marketing, peered at Ron with a mixture of contempt and anger. This would be a poor choice of timing to tackle Ron’s relentless pessimism, but Jimmy was almost angry enough to take him on anyway. Charles’s clipped manner broke his thoughts.

‘What’s the real outlook on sales?’ he asked, not even referring to Jimmy by name.

A Singaporean national with a Harvard MBA, Jimmy’s energy and track record of success with confectionery companies in the United States and Asia earned him respect from all but Ron. As he replied to Charles’s question, more than one member of the team was pondering why someone with Jimmy’s CV would put up with this.

‘The social media campaign has been revamped and is ready for launch early next month, and our multichannel partnering strategy is a potential game changer, so I anticipate a more than 20 per cent lift in revenue on the back of that in the US, Australia and Asia.’

He paused for a moment to gather his thoughts.

‘The sales teams are up to the challenge, and if IT and Marketing get together and deliver on the channel partners’ platform, I’m confident that we’ll claw back what we’ve lost in market share and be ahead again within twelve months. It would be a mistake to overreact, particularly as the financial data we’re getting is way out of date and our in-store and online customer numbers are already trending upwards.’

‘With the greatest of respect’, began Ron, running his hands through his thinning grey hair and bristling at the implication that

his financial information was out of date, 'you haven't got within a mile of any of your sales forecasts for over a year, so why should we believe this one?'

Jimmy leaned forward and looked him squarely in the eyes. 'If you had any feel for the market instead of gazing out the back window and telling us where we've already been, you'd know that forecasting over the past twelve months has been impossible because the whole industry is being upended by cost pressures and new technology. The real numbers tell us that we're on the cusp of a breakthrough so only a fool would lose their nerve now.'

Ron was no match intellectually for Jimmy and certainly not in a verbal sparring match. He was fuming but knew enough not to take on Jimmy in this situation. He'd deal one-on-one with Charles and get those cuts in the Sales and Marketing budget that were long overdue.

Watching all of this unfold was Emma Tomkins, head of Research and Development, and the quietest member of the Executive Team. She joined O'Donnell's as a food technologist fresh from university and was appointed to her current role two years ago. Emma had been a superb number two in Research and Development, and very strong in project management and scientific rigour. A clever and insightful scientist, no-one but Emma was surprised when, at the age of thirty-two, she was appointed to an executive position, although to this day she preferred delving into an experiment to the cut and thrust of senior leadership conversations. Emma flicked documents across the screen on her laptop, hoping that someone else would break the silence.

'Charles, are you saying that the board has given us a quarter to turn this around?' enquired Judith Corrigan, Human Resources Executive. She wasn't going to let the meeting deteriorate into a slanging match and, like Steve, she'd seen plenty of situations worse than this during her career.

'Well, yes', he answered cautiously. 'The Chair and I expect a detailed plan to be presented at the next board meeting to address the financial situation. She has also asked me to meet her separately this morning, which I assume is to go over contingencies.'

Despite Charles's reputation for cutting down anyone who overstepped their authority or disagreed with him in public, Judith was determined to press forward. 'Okay, we seem to have two options: either we do as Ron suggests and start working on more reductions now or we back Jimmy to lift the sales performance.'

Not waiting for a reply, she turned to Steve. 'You've been an executive in a company that hit a massive hurdle and then picked itself up again. What do you think we should do?'

Steve was taken aback that Judith had tossed the ball to him. He'd only been in the job a few months and apart from the newness he was acutely aware that Charles seemed threatened by his experience and willingness to weigh in on matters of strategy.

All eyes focused on him, with everyone wondering whether he'd been tossed a ball or a hand grenade. It was a moment for leadership and Steve was both a natural and a well-developed leader.

He turned respectfully to Charles. 'Can I have a few minutes to work us through some ideas that I think are important?'

Charles couldn't refuse without looking defensive. 'Just a few minutes, we have a lot to cover', was his muted attempt at keeping the upstart Steve Edwards under control.

real conversations

If you really want to know how a business is travelling don't go to the boardroom, go to the staff canteen.

People in boardrooms can lose connection with what actually makes the organisation tick. They miss the conversations, the emotional moments and the open tensions. Things are often controlled in boardrooms because of status and agendas. Steve knows that, but he's courageous and skilful enough to take the risk and bring a dose of harsh reality to Charles, Ron and his colleagues that they'll never get from a set of accountant's figures.

But first to the canteen, and to the conversations that tell us what's really happening at O'Donnell's.

the staff canteen

Meanwhile, in the canteen staff milled around the coffee machines, while two eager players pounded a table tennis ball at each other in the far corner of the long, rectangular room.

Production had started at 6.30 am so Jeff (Red Team Leader), Sally (Blue Team Leader) and Customer Service Coordinator Mike were more than ready for coffee and a few minutes of downtime. They had joined O'Donnell's at about the same time five years ago and shared a common interest in tennis, which they played most Tuesday evenings in summer through the social club.

Mike and Jeff strolled halfway to the table tennis players and sat at one of the thirty or so round, laminated tables.

'How're things?' asked Sally, pulling up a chair and reaching for the sugar pourer.

Jeff put down his coffee mug. 'Pretty bad, actually. We're way down on production volume and everyone's scared that more redundancies are around the corner.'

'Yeah, same with us, although I hear that Sales is forecasting a big jump next month', Sally offered optimistically.

'That would be the same forecast they over-cooked last month', added Mike sarcastically. Sally and Jeff reluctantly nodded in agreement because they suspected that Mike was a sniper who enjoyed spreading targeted gossip, particularly if it was bad news. And they weren't about to be proven wrong by his next comment.

'I hear there's going to be blood on the floor at the exec meeting today. Davo from finance reckons that Ronnie Grisham's going to nail Jimmy about the forecasts and has you guys in his sights for some serious slash and burn.' He paused to smirk before adding, 'At least it would be good if something practical came out of an exec meeting instead of the secret club just keeping it all to themselves'.

Sally and Jeff could only agree with his last point. While their new boss, Steve Edwards, seemed to be making every attempt to keep them in the loop on what was happening, they had only a vague idea where the company was heading. Communication was just small-picture stuff and mostly negatives. 'Like putting a

jigsaw together when there's no picture', Jeff had remarked at a recent meeting.

They sat quietly for a few moments. Sally's thoughts were on the mess-up with materials that she would have to fix when she went back to work. The Purchasing Department had decided that it could get a great price on red colouring, so without consulting with the production teams it had spent the entire monthly budget on red colouring. Now blue can't meet its targets for the week, while red is oversupplied and, as Jeff said, slowing down.

Mike didn't know it yet, but three of O'Donnell's customers, including the biggest specialist confectionery chain, were expecting the blue jelly beans for in-store promotions and would be on his case within twenty-four hours. Fortunately for Mike he would find a way to put the heat back on Sally and the IT Department even though he'd promised yesterday that everything was running to plan.

'Better get going', announced Jeff, standing and heading towards the dishwasher and passing two staff members who were furtively proof checking each other's résumés, which they would forward to local recruiters in the next week.

'See you', Sally and Mike replied together, before making their way back to work.

current reality

Back at the executive meeting Steve stood and strode to the whiteboard on the far wall of the boardroom. Picking up a black marker pen he wrote 'Assumptions/old model' on the left and on the right-hand side he wrote 'Current reality'.

Turning to face the team, Steve began with an open question: 'What's the core idea that drives this business?'

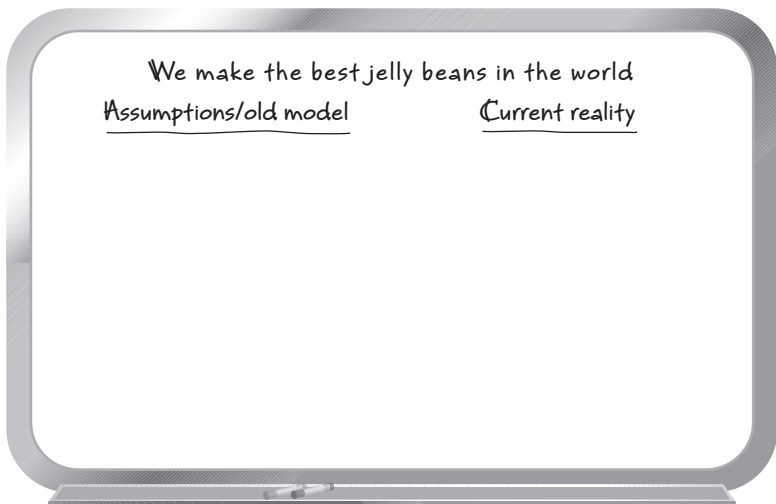
Emma's scientific mind immediately wanted to clarify exactly what Steve was after.

‘Do you mean, like Google aims to make the world’s information accessible?’

‘Exactly’, replied Steve with an encouraging smile. ‘The vast majority of successful businesses have a powerful core idea that pulls everything else into line. I’m interested to know if we are on one page about what that is for O’Donnell’s.’

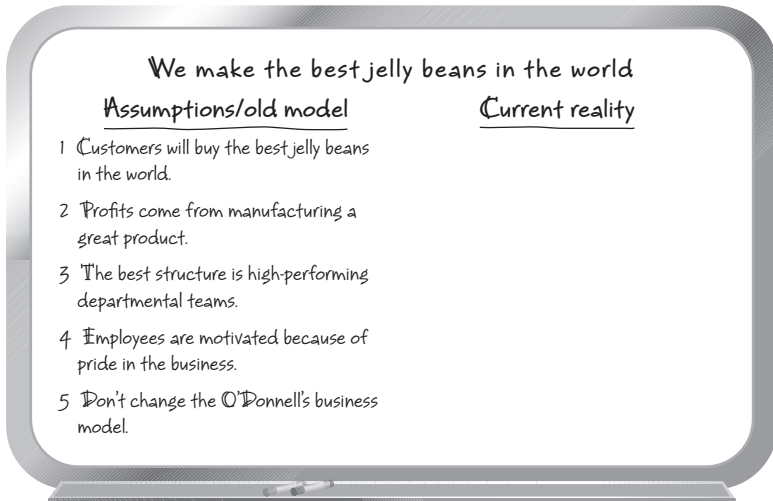
‘We make a profit for shareholders’, offered Ron, not quite understanding where this was heading but wanting to control it if he could. Judith grimaced but did her best to be constructive by adding, ‘Quite right, and we do that by making the best jelly beans in the world’.

Steve smiled to himself as he scribbled Judith’s words at the top of the writing screen and turned again to the team, who were mostly nodding in agreement. ‘Are we absolutely and totally agreed on that?’ he asked, pointing to the words:



Nods and grunts confirmed the driving force of the company for most of its seventy years. Steve continued, ‘So, if that’s the compelling idea that drives our business then what are the beliefs and assumptions about how to achieve that?’

After twenty minutes of increasingly lively discussion and some writing and rubbing out on the whiteboard (during which Charles did nothing but glare at Steve without blinking), a list of five points sat in the 'Old model' column:



Steve scratched his chin and smiled as he looked at the list. 'If William and Walter were here today, I think they'd wholeheartedly agree that these are five compelling reasons why the business was so successful for many years. Do you agree?'

Everyone nodded, except Jimmy who had been uncharacteristically quiet since his run-in with Ron.

Steve pointed to the 'Old model' list. 'Unfortunately, like most business assumptions these were right for the past, but they are all wrong now.'

Charles's blood pressure jumped immediately, his mind yelling, 'How dare you think you can tell me what's wrong with this business!'

He remembered why he'd been so resentful when Jenny O'Donnell, the board Chair and daughter of William, had recommended Steve for the Operations job. 'Steve the upstart' had taken over the meeting and the team. This would stop as soon as Charles got him into his office on his own.

open and honest

O'Donnell's is a great example of a business that doesn't have open, honest and constructive debate at the senior management level.

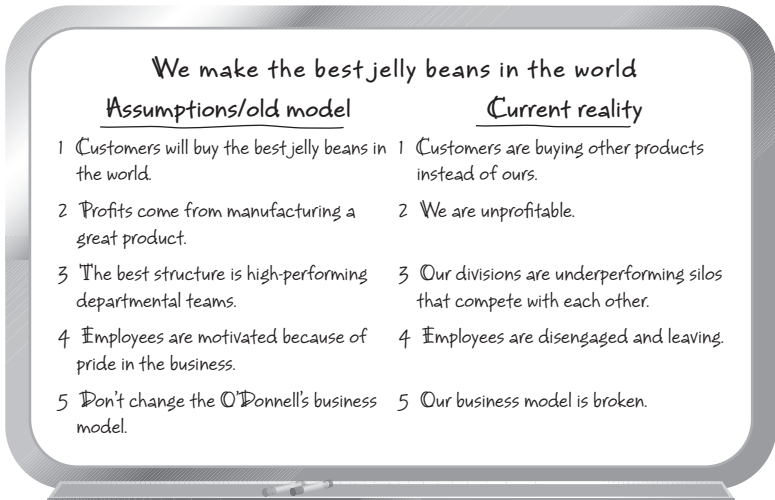
Instead of tackling the tough issues, O'Donnell's has leaders like Charles, who use their status to aggressively stifle debate, and others like Emma, who avoid conflict at all costs.

Having the courage and skills to tackle the tough, constructive conversations is one of the first and most important steps in creating united leadership, which is the foundation on which big teams flourish.

Sensing an opportunity to ingratiate himself with Charles, Ron began to object, but Steve cut across him, determined not to let the moment be lost. 'Just a minute, Ron. Please let me finish and then we can fully debate it.'

Charles noticeably turned away as Steve started writing in the 'Current reality' column. Ron fumed, Emma wished the meeting would finish and Judith wondered just how this leadership team could ever be united enough to pull the company out of the looming crisis.

When Steve had finished, the whiteboard looked like this:



Steve slid onto the chair at the end of the table and spoke quietly and sincerely to the team.

‘I joined this business six months ago because I liked what I’d heard about the history of O’Donnell’s and its amazing potential. In that time I haven’t seen anything to suggest that we can’t have a great future, but we have to create that future because the world has changed and we can’t just let things keep drifting along as they are.

‘There’s no doubt that the last batch of redundancies and the other cuts were needed, and in my opinion, without those we would have slid even further. But it doesn’t address the real reasons this company is in danger of failing completely.’

Charles bristled and glowed a deep red colour as Steve continued.

‘There are two things that this company does not do and they are killing us.

‘The first is teamwork. We aren’t a team. From this Executive Team through every divisional team, we compete against each other for budgets, for resources and for recognition. We work in little teams with our own agendas and protect our own turf at all costs. Just go to a Sales and Operations meeting or a project review and you’ll see that we don’t really collaborate with each other — we just talk about it and then get busy again in our own silos.

‘The second is change. We talk about being nimble and adaptive, but every day I hear people resist anything that even remotely upsets the familiar and comfortable routines. We just make our brilliant jelly beans and try to convince everyone that all is fine. But the reality is that people are not buying our jelly beans and we don’t seem to get that.

‘It seems to me that we have two paths. We can wither away slowly in our departmental silos or we can bite the bullet and work together to transform this business into a real competitor again.

‘If we take the second path, I genuinely believe that we can become a greater company than William and Walter ever conceived, but it will demand united leadership from this Executive Team and a new culture of teamwork, collaboration and change readiness across O’Donnell’s.’

Steve had said everything that he planned to say and then a whole lot more. Silence hung in the room as each executive took in the personal and business implications of a message that sounded like it had been delivered by a skilled CEO. They also feared how and when the narcissistic ex-strategy consultant turned Chief Executive would retaliate.

Charles's immediate need was to take back control, but he wouldn't be tackling Steve head on in the meeting. 'Thank you', he muttered, packing up his papers and bringing the meeting to a premature halt. 'I have a meeting with Jenny O'Donnell at 11 am so Steve let's meet at 1 pm in my office. We'll reconvene this executive meeting at 3 pm.'

Charles fully intended to have Steve's resignation to announce by that time.

Ron followed Charles out the door, while Judith congratulated Steve on his presentation. Emma and Jimmy left separately, each deep in thought about their own careers.

be part of the problem

In the days before digital technology and economic crises disrupted the business world forever, it was common to hear people say, 'You need to be a part of the solution'.

The people of O'Donnell's no doubt want to be a part of the solution, but to deal with disruption and create some of their own, they must accept that they (with all the right intentions) are part of the problem.

Steve is prepared to put himself right in the middle of the problem and accept responsibility, while so-called leaders like Charles and Ron protect and defend the status quo and their own egos.

Disruption is no doubt hitting your organisation. If you want to take it on then first be prepared to acknowledge that you are part of the problem and then you'll be open to participate in all possible solutions.

a resignation

Shortly after the meeting ended, Jimmy hesitated, then quietly knocked on the door before entering Charles's office. He had planned this moment for later in the week, but events were gaining momentum and he wasn't comfortable keeping the news from Charles while such important issues were on the table. He respected Charles for his analytical skills but found his ego overpowering. Not surprisingly Jimmy was much more concerned about bailing out on his team and colleagues than on the self-centred CEO who had rarely commanded loyalty from anyone in his business career.

Standing in front of Charles's desk, Jimmy was subdued but definite as he explained that he'd been approached by a headhunter and offered a job that was simply too good to refuse. He hadn't been looking outside, but sometimes things just happen. What Charles didn't know, and Jimmy couldn't tell him, was that two of his top account executives were almost certainly following him.

Charles slumped into the leather chair behind his desk. 'Where are you going?' he demanded.

Jimmy shook his head. 'I've signed a confidentiality agreement. I can't disclose it until I start there in six weeks' time.'

Charles shrugged, not really caring where Jimmy was going. If he'd known that it was Jellicoe Candy Corp there wasn't much he could have done, but he would have walked him straight out to the car park.

'I'll tell the Executive Team this afternoon', Charles announced sombrely.

'Sure, that's your call', replied Jimmy, feeling the urge to apologise but knowing that it didn't make sense to say you're sorry for something that you believed was the right thing to do.

a new o'donnell

Jenny O'Donnell served five years on O'Donnell's board before succeeding her Uncle Walter as Chair on his passing twelve months ago. A lawyer and Chief Executive Officer of one of Sydney's better known legal practices, this was her first experience

as a chair, although many years specialising in corporation law was an excellent grounding.

There were three principles that Jenny lived her life by:

- be clear about your intentions
- act decisively with courage
- give and earn respect.

They were what her father had drummed into her from her earliest years and they were written on a plaque that hung on her office wall. The three principles had helped William survive the war and build a successful business. For Jenny, they would guide her to rebuild and then transform what William and Walter had first created.

Charles had seen the plaque on Jenny O'Donnell's wall but taken no notice of it. Had he done that he might have better understood what she was about to tell him.

Jenny arrived at O'Donnell's a few minutes early and chatted briefly to Susan at reception before being ushered into the CEO's office. Their meetings were always slightly formal affairs. Charles didn't take easily to reporting to a person he believed had inherited the role, not earned it. Jenny, by contrast, gave and expected respect, which never seemed easy with Charles.

Jenny got straight to the point. 'The board held an extraordinary meeting last evening to discuss the company's situation.'

Charles was stunned that the board had met without him. 'We haven't taken this decision lightly, but we have made the decision to seek your immediate resignation.'

Jenny waited for a reaction. Charles went bright red and was soon gasping for breath.

Charles would recover from the panic attack, although being carried by ambulance stretcher across the foyer watched by startled employees wasn't what he or Jenny would have wanted. That was perhaps the only thing on which they agreed, thought Jenny, as she sat quietly in the now-vacant Chief Executive's office and pondered the next steps in her plan to transform O'Donnell's Jelly Bean Company.

