



Guttman Insights

September 2011



FXI is a \$1 billion privately held company that manufactures flexible polyurethane foam for a wide range of applications, from car seats to dialysis machines. It has 2,000 employees and is located in Media, Pennsylvania. John Cowles has been president and CEO of FXI since May 2011.

As the freshly minted president and CEO of FXI, how have you gone about gathering intelligence for making key decisions?

After meeting with members of my board, I met once a week with each of the top senior leaders of FXI. I've also conducted 5 Town Halls and in the process of visiting all 17 plants, the top 10 customers, and our top 3 vendors.

What are your favorite intelligence-gathering questions?

The two that I find most fruitful are: "Tell me what makes our company successful?" and "What do we need to do differently to be more successful?"

How do you deal with the natural wariness that members of your top team may feel about you?

I structure my initial meetings with them. To get to know them personally; I ask who they are, what they have accomplished, and where they want to go. I like to get to know my team early in the process.

In this issue, John Cowles discusses his first 100 days as FXI's new president and CEO: how he gathered intelligence, his scorecard, and his priorities for action. Howard Guttman reflects on the demise of a once great company, Borders books. And we pay tribute to our GDS colleague, Joe Wions, who passed away in July. All this in a five-minute read.

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At FXI, innovation means a fresher world.

Taking Charge at FXI

What kinds of questions do you ask senior leaders to get them to self-reveal?

I ask: "What drives you? What makes you happy? What do you do outside work? Tell me about your family." These are more revealing as to what motivates the individual.

And after you discuss the personal issues, what's next?

Once I understand more about the person, we then talk about what the person's group does and where he or she wants to take it. Next, I share my background and how I like to operate so we all can be successful together. My aim is to reach a common understanding about how best to communicate and work together.

What do you reveal about yourself?

I once worked with a very strong senior leader who felt that the most important thing to do during the first 100 days was to break down the barriers that prevent people from understanding and listening to each other. He created a "Who I Am" document. I've adopted this document, describing who I am as a person, how I like to interact, and how I make decisions. I have found that this approach provides team members with an understanding of how they should be driving the interaction with the new leader.

What's your scorecard for the first 100 days?

In my previous organization, the company was losing money and was in violation of its debt covenants. It needed a quick

turnaround. The situation here at FXI is very different. We have a strong organization and are making money. We're closing in on \$1 billion in revenue; we have 2,000 employees and 17 plants. I have the time to listen to all stakeholders, develop key priorities, and drive alignment on improvement. In the first 50 days, I had more than 300 discussions with my senior team and developed a good understanding of who we are and where we need to go.

And what are your top priorities?

We are siloed and functionally driven. We need to become an interdependent team. We need to start making fact-based decisions and drive resolution when conflicts emerge. I brought in GDS to help us begin the journey to a high-performing, horizontal team.

What about product/market priorities?

We have a strong position within each of our business units. What we need to do is to improve innovation. Historically, our hit rate—the capability of R&D to work on a project that is successful in the market—has been 10 percent. We have over 25 R & D professionals who are developing products almost every day. We have the ability to drive a five-fold increase in effectiveness regarding innovation. But we need to figure out how to better leverage our scientists' capability to solve consumer issues that will enable us to provide value-added solutions and raise revenue.

What are you doing to role-model being a high-performance leader?

In the past, FXI was a siloed organization. I'm role-modeling what it means to function as an interdependent, high-performing team that makes decisions after carefully assessing the facts and presenting a solid business case as a recommendation.

What's an example of how you do this?

When we're in a senior-team meeting and we're discussing a priority issue, I make sure that each person provides input and that we have a strong, interactive, fact-based, numbers-oriented discussion. And we don't leave the room without answering the question: "Do you support the decision?" I know everyone may not be in 100% agreement, but we must move forward as an aligned team.

What's your plan to build a high-performance culture?

We've already begun the process.

We've delayed the organization. We eliminated the COO role, so key functions now report to me. I brought in an experienced HR consultant to help with talent planning and succession and to serve as a sounding board for my team and me. We are in the process of hiring an additional HR leader who is very strong at developing high-performance teams.

From past experience, I know that the GDS process helps a new CEO develop the high-performance capability of his or her team. I've enlisted Howard Guttman and his colleague, Mark Landsberg,

to take us through the process to build a high-performance team and help us on-board executives. By continually monitoring the team's progress and encouraging open discussion and feedback, the process creates a learning environment that enables the entire team to feel as though it is part of the process for hiring and on-boarding new executives. It reduces risk and increases success for everyone.

I'm role-modeling what it means to function as an interdependent, high-performing team that makes decisions after carefully assessing the facts and presenting a solid business case as a recommendation.

What did you learn about leading a high-performing team at your previous organization that you will apply at FXI?

In mid-cap organizations, you have limited resources that must be effective. You must select a few key priorities, stay focused on them, make sure everyone is aligned, ensure that you have enough resources for success, keep to fact-based decision making, and measure what you manage. What's key is to make sure that the senior team operates in a parallel and not a serial process. It is critical to achieve early wins.

How do you want to be measured over the next six months to two years?

I want to be measured on how well I was able to transform the senior leaders into a high-performing team that drives improved performance: one that works interdependently, seeks one another's advice, produces a much better hit rate on innovation, and is driving increased revenue and market share. Five years from now, I'd like to see FXI be a \$2 billion company that operates as a high-performing organization. ●

Speaker's Corner

Howard M. Guttman

"Developing Tomorrow's Leaders Through Self-Coaching: HR's Role"

ASTD Mid-Jersey Chapter
Somerset, NJ
October 13, 2011

Howard M. Guttman

"Developing Tomorrow's Leaders Through Self-Coaching: HR's Role"

Garden State Council SHRM 2011
Conference
Atlantic City, NJ
October 4, 2011

Howard M. Guttman

"Great Business Teams: What Does It Take and How Can L&D Contribute"

ASTD NY Chapter
November 3, 2011



Borders: Unfit to Survive?

by Howard M. Guttman

“I’m willing to bet a stack of bestsellers that beneath all the poor decision making was a top management team and organization that was not a high-performing, horizontal entity.”

In late July, Mike Edwards, CEO of Borders, sent out an e-mail to me and other customers of the bookstore. The subject line tells the story: “A Fond Farewell . . . Thank you for Shopping at Borders.”

It was bad news for anyone who enjoys roaming through bookshelves, leafing through a title or two—ah, the feel and scent of paper!—and making a selection. It’s sheer pleasure!

“You might be asking, what happened?,” Mr. Edwards asked. “How could it be that there won’t be a Borders moving forward?” His answer is a study in accountability avoidance. “The fact is,” Mr. Edwards explains, “that Borders has been facing headwinds for quite some time, including a rapidly changing book industry, the eReader revolution, and a turbulent economy. We put up a great fight, but regrettably, in the end, we weren’t able to overcome these external forces.”

No question, Borders faced gale-force winds from Amazon and other on-line book retailers, not to mention the paperless revolution à la Kindle and Nook. But didn’t Barnes & Noble face similar forces without going belly up?

Ultimately, companies fail to survive not because of idiosyncratic external forces but because of poor decision making by management. A parade of commentators has written postmortems on Borders’ demise and how the company simply made the wrong choices, ranging from a failed Internet and real-estate strategy to overinvestment in music to opening up too many big-box outlets.

I don't have insider information on Borders, but I'm willing to bet a stack of bestsellers that beneath all the poor decision making was a top management team and organization that was not a high-performing, horizontal entity. In the March 2010 issue of GDSI, I compared the traditional hierarchical organization to the new horizontal one as presented below.

In contrast with its dinosaur-like hierarchical counterpart, the high-performing, horizontal organization is built for speed. Sure it makes mistakes, but it is quick to adapt, reinvent itself, and shed whatever drains value in order to move forward. This is exactly what Borders did not do, as it stayed too long with its big-box strategy, came

way late to the e-book game, and never mastered the Internet sales channel.

Think of the organization not merely as a collection of products and services, markets and customers, systems, processes, and financial assets. An organization is a pool of brainpower. How well its executives tap that pool is key to success. The high-performance, horizontal model is the best one around for marshalling the collective brainpower and energy of an organization, enabling it to make and implement decisions that will make it fit to survive and flourish as the dinosaurs fall by the wayside.

| The Hierarchical Organization | v. | The Horizontal Organization |
|--|----|---|
| Structure Multilevel, pyramid, siloed | | Structure Few levels, flat, matrixed, cross functional |
| Leadership Controlling, directive; defined by position | | Leadership Empowering, delegating; defined by performance |
| Decision Making Top down, delegated to a few; fuzzy decision-making protocols | | Decision Making Decentralized/distributed to high-performing teams; clear decision-making protocols |
| Information Guarded; function oriented | | Information Free flowing; moves up, down, and across the organization |
| Speed Decision-making bottlenecks; move at the speed of chain of command | | Speed Shortened decision-making "hang time"; move at the speed of market demand |
| Employees Functional focus; limited accountability; lack of alignment; inwardly directed | | Employees Enterprise focus, accountability for results extends from individual to team to leader to business; tight vertical and horizontal alignment; customer centric |
| Culture Conflict averse; low tolerance for risk; absence of "ownership" mentality; "me"-focused performance system | | Culture Willingness to confront issues, unafraid to take risks and "go there"; value placed on acting like owners and being "we"-oriented high performers |

In Memoriam

Joseph L. Wions



I knew Joe Wions for 30 years, and he was a GDS consultant since the early 1990s. He was a warrior, an outstanding consultant, and a truly special human being. He will long be remembered by everyone he touched. The following excerpt is taken from my book, *Coach Yourself to Win*, and has been modified since Joe passed away in July. Let's let Joe speak for himself . . . —Howard M. Guttman

When you are diagnosed with a terminal disease, it takes a while to get past the surrealism, to really get it that your time may be limited, and that how you are spending your time right now is how you are choosing to spend what is left of your life. . . . It finally hit me that holding on to my typical patterns wasn't going to do anything but burn me out and cause me to fade away with no additional contribution to myself or anyone else. It was time to face the fact that my life has changed dramatically, and I either needed to redefine myself or let the illness do it for me.

Once I got it that things had to change, I started to shift my priorities. My work was no longer being a management consultant. My work was now to demonstrate how to take responsibility for my own survival and live with intention to find a way to beat an unbeatable disease.

The author of these words set his Intention to beat the unbeatable. And, when he did, he took control of his illness and his life. In 2000, at the age of 50, Joe Wions was one of our firm's

most valued consultants, and he loved his work. He and his wife, Diane, were the proud parents of two young adults, ages 17 and 20. He worked out at a gym three to five times a week, and he enjoyed tennis, skiing, backpacking, hiking, and softball. He planted trees and shrubs and grew his own vegetables. The world, it seemed, was Joe's.

Then Joe began to experience weakness in his right leg. Three years later, after myriad tests and procedures, he was officially diagnosed with ALS, commonly known as Lou Gehrig's disease. A progressive neurodegenerative disease that affects nerve cells in the brain and the spinal cord, ALS eventually leads to paralysis and death.

Joe's initial reactions were many and typical: worry about his family's financial security, distress about the pain they were going to have to endure, anger and sadness at the thought that he would never know his grandchildren, regret for all the things he hadn't done, and, of course, fear of the pain and increasing disability that lay ahead.

But Joe chose not to become a victim. He set an Intention to fight back with everything he had. And, after his diagnosis, that Intention guided his every action. He spent every day reaffirming, in words and actions, his Intention to beat this disease. His life was a study in discipline, dedicated to Intention-focused action: conducting research on the Internet; flying to Europe for special treatments; trying new diets, vitamin supplements, chelation, and other body-cleansing programs; learning meditation and mind-control techniques; and maintaining strong relationships with his family, his friends, his former colleagues, and his community.

He attracted a large group of caring individuals—he referred to them as his army of angels—who were always there for him, with physical, financial, and emotional support. Despite great physical limitations (he eventually became dependent on a machine to support his breathing), Joe wrote a deeply intimate and moving book about his experience.

Until his death this past July, Joe remained one of the most alive, intellectually vital, and socially connected people I have ever known. He was living proof of what a human being can accomplish by setting a true Intention and never wavering from it. ●