



Guttman Insights

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Bob Gamgort is CEO of Pinnacle Foods, a leading producer, marketer, and distributor of high-quality branded food products, headquartered in Parsippany, NJ. Its iconic brands include Armour, Bird's Eye, Duncan Hines, Log Cabin, Mrs. Paul's, Van de Kamp's, and Vlasic, among many others that hold the number one or two positions in 10 of the 12 categories in which it competes. They are available in 9 out of 10 American households. Pinnacle Foods employees 4,400 people; its mission is to reinvigorate iconic brands.

There have been a lot of changes and challenges swirling around Pinnacle. What were the biggest ones confronting you and your team?

There were two different currents of change. One was building the company through organic growth and acquisition, eventually leading the company to go public in April 2013. Going public is, of course, a big change, and it poses a number of key challenges, one of which is how to continue to deliver outstanding results, which we have done. Since going public, we have been either the second or third best-performing company in the food segment. Other challenges involve how to keep the small company feel as you get larger; how to keep everyone connected, engaged, and informed; how to add and develop talent and build a high-performing culture.

And the second major challenge?

The second challenge happened over a year ago and came as a complete surprise: The near-acquisition of Pinnacle Foods by Hillshire Brands. It was an unsolicited offer to acquire us. Whereas the first represented building and growth, the near-acquisition was very different. It felt like everything that our employees had built was about to fly out the window. In effect, we became victims of our own success. We celebrated when the deal fell apart. We wanted to keep running the company that we had built.

In this issue, Bob Gamgort, CEO of Pinnacle Foods, candidly discusses dealing with two very different business challenges—one positive, the other more of an existential threat. Is your organization in the hands of a “Frankenleader?” Howard Guttman offers ways to tame monster leaders. GDS consultant Lisa Kollisch reviews notes on how one team was transformed from a creaky to a well-oiled machine. All this in a five-minute read.

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Leader's Corner: Serving up High Performance at Pinnacle Foods

What was the effect of the aborted acquisition on the company's valuation?

Less than a year after the acquisition failed, our share price was trading above the price that Hillshire offered us. So this was a win not only for our employees, but for our shareholders as well!

And to the extent that you learn from your experiences, what did you learn from nearly being acquired?

We seized the moment as a learning opportunity and catalyst. We asked everyone what is there about Pinnacle that you would have missed most—the culture, the business model, etc.—had Pinnacle been sold? And what wouldn't you have missed—and how can we change the latter now? We put a program in place, "Reinvigorating Pinnacle Pride," which is an initiative aimed at turning a potential negative into a real positive.

What's Pinnacle Pride all about?

We brought together a number of employees at various levels and in different functions. These were all volunteers who were charged with having conversations with their peers organized around the questions that I just mentioned. We didn't do some generic employee survey. We used a network of people in the company to conduct interviews with their peers. We then used a multi-level group to consolidate the feedback, build the feedback into themes about what should be reinforced or changed, and present these to the executive team. It was a process of gaining feedback and consensus building to structure different recommendations. The process was totally transparent. When recommendations from employees didn't make it to the executive team, a full explanation was given. If the executive team rejected a recommendation, we explained why, so it could be shared with everyone.

What about the flip side—those things employees wouldn't miss?

Activity overload. Employees felt that they were pulled in too many directions and involved in too much. As a result, we implemented significant changes relating to priority setting, meetings, and transmitting information remotely. We're a hard-driving organization. People also felt that we should take more time to celebrate our successes, which we're now doing more of.

What's the Pinnacle mission?

We put together a one-page "Pinnacle Playbook," starting with a simple and meaningful mission statement: We invigorate iconic brands. It's not only unique in the industry, but it explains to everyone how we add value and make money as a company. We fix things up!

How do you bring your mission to life so it doesn't suffer the typical fate of mission statements?

We have adopted the OGSM mechanism (Objectives, Goals, Strategies, and Metrics) that many companies use. It's a way to build individual priorities and link them to the corporate priorities. What's also important is how we get things done. This includes our values—trust, candor, and ownership—and our competencies—adapting, collaborating, and executing. Underlying all this, we operate within a high-performing team model. It's a combination of living the values, developing or recruiting for people who have the competencies, and making sure that everyone operates within a high-performing team.

What do you see as the biggest challenges posed by playing on a high-performing team?

First, peers holding peers accountable is a significant challenge. For most people, it's an unnatural behavior. Second, being candid: saying things that are necessary, but not necessarily popular. Then there is managing the conflict that often results. You have to understand that conflict is necessary and not to be avoided. An important screening criterion for development and recruitment is: Can this candidate not only play in a high-performance environment, but add value to it?

Why do some executives coming into a high-performance organization find it difficult to adapt?

Most structures in society—family, school, military, etc.—are hierarchical, hub-and-spoke environments. The notion of a self-governing or horizontal organization is not only difficult to grasp for many people, but they lack the experience working in it. Also, you're taught from an early age to avoid conflict.

“Hey, if you don’t have something nice to say, don’t say anything at all.” Now, you come into an organization like Pinnacle, and you’re expected not only to hold yourself and your team accountable, but you’re also expected to hold your peers accountable, and oh, by the way, you’re also accountable for your boss’s success and that of the enterprise. That’s never been taught to people.

So how do you unstick people from traditional hierarchical thinking?

You’ve got to create a new model, structure, and organizational context; provide people with the benefits and incentives for them to leave their comfort zone; give them the skills to change; and provide everyone with the opportunities to live and practice the high-performance values, day in and day out. People realize over time that playing this way is not only safe, but good. They begin to discover that it’s best to put all the issues on the table. They experience the payoff of leaving their comfort zone. That’s when you begin to get traction. You have to apply constant effort to remain a high-performance organization. It’s not something you learn once and you’re cured! This is why the team-alignment process is so valuable. It’s an ongoing, continuing process. Every time an organization says, “We’re now beyond that,” they’re headed for a fall. It’s a sign that they just don’t get it.

What have you done as a leader to embed this high-performance way of thinking and working at Pinnacle?

It started with me. I had to be the champion of the horizontal, high-performance model; be willing to put myself out there and be vulnerable; accept feedback and criticism; and insist that the team hold me accountable. I engaged the senior leadership team in a series of team-alignment sessions. They too had to live it, or there was no chance of it taking hold. We then branched out to enroll the next level, our executive leadership team. We then moved the process to the team below that, members of our senior leader group. They, in turn, enrolled their direct reports. You have to be very deliberate in getting progress, beginning with senior leaders. Change starts at the top. Momentum builds. A lot of people start living it. People take cues from the people they work with to see what the right way to perform is.

What’s your approach to developing the skills to play in a horizontal, high-performance environment?

We’ve transferred a core set of skills around the alignment work that relate to capabilities such as leadership and conflict resolution, plus our own suite of internal training processes calibrated to different functions and levels in the organization. You need to start with a common understanding of what “good” looks like, a common framework, and a common language. Remember, 80 percent of learning takes place on the job, not in formal training sessions. People learn when they see peers saying what’s on their mind and holding one another accountable. That’s where development—and change—really take place.

What do you mean by “what good looks like?”

You paint a picture of where you’re going and what you aspire to be as a company and a high-performance organization, supported by a common language. You may not always have all cylinders firing in sync, but it allows you to evaluate yourself not only against the yardstick of, “Are we better than we were yesterday?” but also, “Are we reaching our full potential as a high-performing organization?” As long as we have a commonly agreed-upon aspirational target, we’ll continue to push ourselves forward.

And your definition of “good?”

“Good” first involves commitments to our shareholders. We work for them! That’s our financial commitment. It also involves delivery quality. Are we delivering in a way that makes the company better, our people better, and the communities in which we operate better? Finally, “good” involves doing things in a way that make us, the employees, feel good about what we’re doing every day. Strategy and goals don’t differ much from one company to the next. Having the right players, operating in the right environment, with the right behaviors to deliver in a superior way—that’s the secret sauce of any organization.

Trust is a cornerstone Pinnacle value. How do you define it?

Without trust, people will spend their time trying to figure out what’s really going on, what things mean for them. Lose trust, and you don’t just waste time and energy; you lose just about everything. For us at Pinnacle, trust is made up of three elements: First, we do what we say and expect others to do the same. Second, we seek feedback because we want to improve. In other words, I trust someone enough to tell me what I might not want to hear because it will make me better. Finally, we have each other’s backs to make sure we do what’s right.

How have you built enough trust so that people are comfortable being candid?

To create trust, leaders need to live the values they promote and be absolutely transparent. The biggest transparency test for us was the Hillshire deal. As events unfolded, we dialed up the communications and went off script to answer whatever was on our people’s minds. Instead of the usual feel-good, corporate speak, we were very direct in sharing our surprise and personal disappointment in possibly not having the opportunity to continue building a great company. Yet, I also clearly expressed my two obligations: do the right thing for shareholders, and make sure that employees get a good deal. Straight talk helped us get through an incredible disruption and not only survive, but improve. And it was an important trust builder.

How do you accept feedback?

It’s a learned behavior. People have invested a lot of time, effort, and money in me over the years, and I have had to work at getting better at receiving feedback. What feedback gets down to is: What’s the story you carry about the person giving you feedback? If my story about the person giving me feedback is that he or she has my success and that of the enterprise at heart, then I’m willing to listen to just about anything. Accepting feedback is not really about feedback. It’s about trust.

How do you keep the momentum alive?

You have to keep a regular routine and rhythm going. High-performance is not a campaign. It’s the way we run things. This involves scheduling regular alignments, reviews, and skill development sessions. By making time for these, you’re making a statement about their importance.

What are your metrics for success?

We have embedded metrics in place for all the key objectives, goals, and strategies (OGSMs) mentioned earlier. These metrics run the gamut from supply chain to consumers to customers to finance to people.

I review our scorecard quarterly with the Pinnacle Board and with our employees in quarterly Town Hall meetings. Individual teams regularly look in the mirror, asking: “Are we living these values?” One of the attributes of a high-performing team is the willingness to periodically self-evaluate.

What are you personally most proud of?

All the metrics are linked. First, we are evaluated by shareholder value. We are the number two or three best-performing food company. We did this by reinvigorating iconic brands. We’ve added more value to them and brought in more consumers, who vote daily with their dollars. Below that, there’s a long list: We’ve gained market share four out of the past five years; we’ve expanded our gross margins; etc. We’ve achieved this by building a better team each year, and we’ve used the team-alignment process to achieve a high-performance culture. If you get the team, talent, and what “good looks like” right, you’ll always deliver the other results. The best example: We went through a significant disruption with the Hillshire threat, and not only did we not miss a beat in performance, but we actually outperformed. At the end of 2014, we beat the financial expectations set at the beginning of that year, and our stock price appreciated tremendously. This despite the fact that we endured a significant disruption in mid-year with the Hillshire near-acquisition. Adversity is the true test of a high-performing team!

What your biggest insight into managing successfully through all the change and turmoil?

You need to make an investment in building a high-performing team and organization in good times. When you face unexpected headwinds and things begin to go sideways—and disruption inevitably happens in every business—the work you did in building a high-performance team invariably pays off. If you wait to build the right culture, go through the alignment process, and build skills when times are tough, it’s likely too late. 🍌



Dealing with Dysfunctional Team Leaders

by Howard M. Guttman

The CEO of a major financial services company had a way of sucking the oxygen out of just about every senior-team meeting he attended. He had built an impressive global empire, and for many years he was the darling of Wall Street. But his staff viewed him very differently. Members of his senior team knew him as a dictatorial leader, who was a master at playing zero-sum, win/lose intimidation games. During monthly progress-report meetings, his KGB-style interrogation technique and ridiculing reduced members of his senior team to quivering masses of protoplasm. The CEO eventually ran afoul of government regulators and was forced out of the organization he had built. Had he been more consultative, his team might well have provided him with the feedback and guidance he needed to avoid hitting the third rail. When he departed unceremoniously, there was no weeping in the executive suite.

This CEO was clearly at the far end of the dysfunctional-leadership continuum, though not at the very extreme—a position occupied by paranoid CEOs. According to psychologist Kevin Dutton's ranking of the top 10 professions with the highest percentage of psychopathic behavior, CEOs rank at the very top, followed, perhaps not surprisingly, by lawyers!

If your team happens to be led by someone at the extreme or near-extreme end of the dysfunctional-leadership continuum, there's nothing much you can do to change your leader's behavior. As in any conflict situation, there are four options: confront the dysfunction, "let it go" and live with the situation, leave, or go underground. Of these, the last option is unacceptable. It creates as much dysfunction as it purports to solve. Confronting the "Frankenleader" is futile—and an act of financial hari-kari, especially if you're in the seven-figure salary bracket, as were the senior executives in the financial services company just cited. This leaves only two viable options: either live and let live or head for the exit.

Short of extreme cases, how can you productively deal with a leader who is manageably dysfunctional? He or she may not be a good listener, isn't motivating, lacks empathy, doesn't delegate, isn't transparent, sets unrealistic goals, doesn't like to be second-guessed, prefers feedattack to feedback—you name it. The leader's behavior may not be pathological, but it is certainly dysfunctional.

If you're facing this situation, begin by making note of the leader's specific behaviors that have deterred team performance.

With courage and the right approach, you could turn a manageably dysfunctional leader into . . . one who comes closer to the high-performance standard.

Then, check with teammates as a reality test. Is this my story, or do others have similar observations? Explore what you and your colleagues know about your leader's behavior outside the team: Has he or she ever been coached; if so, how successful was the coaching? Is there evidence indicating that the leader is able to accept feedback? Negative answers here suggest that behavior change within the team may be beyond your leader's reach.

Look forensically at behavior patterns in team meetings and in one-on-one conversations. Are there times when the leader exhibits high-performance leadership behaviors? Winston Churchill was surely no wilting lily, "servant leader." As Jonathan Schmeer's recent book, *Ministers at War*, makes clear, Churchill dominated his war-time cabinet, yet at times he did not always get his way, even in important matters. Look for distinctions in your leader's behavior patterns. If your leader shows glimpses of high-performance leadership, these might become teachable moments for the leader and the team.

The key question here is: Is your leader coachable? There are telltale qualities that are markers for coachability, such as: Is your leader able to step back and take a depersonalized look at him- or herself and the situation? Has your leader ever been able to let go of a core limiting belief and story? Has your leader ever exhibited awareness of his or her shortcomings and either expressed a willingness to change or demonstrated the ability to do so?

How adept is the leader at active listening, assertion, and conflict management? And perhaps the most important question of them all: Does your leader trust you and your colleagues to be at stake for his/her success—and if not, why not?

On a high-performance team, team members hold themselves accountable for the success of their leader. They seek the right venue and opportunity to provide feedback to their leader—and do so as a team—not in the spirit of ganging up on him or her, but of being supportive. They focus on observable behavior and keep the feedback neutral. They find projective questioning to be useful in such situations. For example, they might try describing the assessment they have made of the leader, focusing always on behavior and then asking: If a team that you were on were led by a leader with these qualities, how would you feel? What behavior change(s) would you recommend that the leader make?

Depending on where your leader stands on the dysfunctional-leadership continuum, he or she may commit to change and a specific plan to do so. An HR professional would add great value to the situation. More than likely, an outside coach would be needed to support the behavior change.

But if you're on a team led by a truly dysfunctional executive, one who is not manageably dysfunctional, your team is unlikely to be a high-performance one. In this case, even low-key feedback might be futile, if not career threatening. Anonymous surveys, though not ideal, are one alternative that many organizations use to surface concerns and get feedback.

As dysfunctional leaders go, the "Frankenleader" is a lost cause. But with courage and the right approach, you could turn a manageably dysfunctional leader into a "frank leader": one who comes closer to the high-performance standard. 🍷



From a Consultant's Notebook

Lisa Kollisch

Here are the field notes from an intervention led by Guttman Associate Senior Consultant Lisa Kollisch

Presenting Situation

The general manager of a division of a multi-billion-dollar consumer products company in North America led a management team of high-potential executives that was a tad “green”....Heavy on functional, light on senior-level, experience....Needed to ramp up their ability to lead, both individually and as a team....The division something of a talent engine....Turnover high....Team members slated for more senior responsibility elsewhere in the company....Needed to be more cohesive as a team, less siloed, less helter-skelter in decision making, and more business savvy as leaders....Leader viewed team as not yet reaching its potential, needing to work together more seamlessly, act more like a board of directors.... Need for common direction, mission and protocols....Team leader a rising star, generally well respected as decisive and engagement oriented by his team....Some wary of leader, hesitant to raise issues.

Charter for Guttman

Met with GM to discuss objectives....Wanted team to operate as a well-oiled machine... be well connected, moving as one.... Sought to create an enterprise mindset....Break siloism.... More clarity on roles and responsibilities, especially given hard-charging leader's desire to accelerate performance.... Team members needed to take accountability for peers, team leader and the organization, not just themselves and direct reports....Driving business results critical without burning out the organization.

Process

Initial alignment held with senior team....Focused on developing a common vision and working more transparently with one another....Focus also on upticking team's ability to resolve conflict, have a clearer path to make decisions and be less siloed.... Vision, mission, values, and protocols developed and agreed upon....a few months later, second alignment session held to accelerate onboarding a new sales executive, a key position in the division....Revisited decision-making and accountability issues....

Developed greater team candor and receptivity through a structured, public team-feedback session....Asked: On a scale of 1-10, how candid am I with the team—and why?.... And on a 1-10 scale, how receptive am I with this team—and why?....Each team member self-evaluated and then evaluated one another....Three months later, multi-tier, offsite session held with sales, marketing, and category management at different levels....Core focus: Develop more cross-functional alignment and come to terms with the resource-capacity issue and fear of driving people too hard....Follow-up alignment session held with top team to revisit progress toward the high-performance model and to onboard another key executive.... Ongoing coaching provided to GM.

Results

2014 growth off the charts....Beat growth projection by over 50 percent....Scores in all areas-- decision making, goal clarity, working atmosphere, interdependency, holding each other accountable, etc. —significantly up since initial alignment session. On project side, go/no go decisions, especially on small accounts, clarified....Clear decision-making and priority-setting process developed....Roles and responsibilities at all levels clear....Helped to rationally manage the resource-capacity issue....Barriers came down....Team members more candid and open with one another...“Blind spots” recognized, along with appreciating benefits of uncovering them....Public feedback by team members led to honest, open discussion with great takeaway insight for each team member. Greater trust evolved.... New sales executive became quickly integrated into team, in a record, two-day time frame....One surprise: Peer support for the new sales executive, given team members' recognition of his enormous responsibility.

Key Insights

Don't overlook business relationships. You can have the greatest strategy, clear goals, clear roles and responsibilities, and even clear protocols, but if the business relationships are not “clean” and intact, the “house” you seek to build will crumble.●