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My toughest decisions as CEO

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ceforum.com.au: What were your toughest 2-3 decisions as CEO?

Toner: A tough question! Decisions for CEOs fall into two major camps: non-people issues and people issues. Whereas the first category covers many important subjects, the latter is narrower but I think the most challenging.

My toughest decisions were:

- figuring out how to permanently change the culture of the company and continuing the change over many years, despite the distractions;
- deciding whether 'satisfactory' performance by a senior manager was good enough for the company. An organisation needs to hire and retain the best people; that is the only way to give the organisation a chance to be successful in the long term. Everyone will agree with this statement but the test is how well it is actually done;
- in a recession, how much to cut costs to improve the bottom line without significantly damaging the organisation's capability and its ability to recover quickly.

ceforum.com.au: If you had your time over again, would you have approached any of them differently?

Toner: Yes! As CEO, I was determined to improve the way the company operated; that's a common accountability of all CEOs. My company was very capable and successful but there is always room for improvement. In my early years as CEO, I decreed that certain changes would occur, and expected to see the effects quickly. It took me some years to realise that I had to change the environment in which we operated so that my executive team members could see why these changes would help them in their jobs, and be personally convinced. So in later years we worked to change the environment to get the full commitment of staff to these changes. In my early impatience, I expected to get major change through the company in a year or two, not realising that major change takes five to ten years to really be entrenched and effective.

If I had my time over again, I would also be more demanding over people's performance. I believe the only way to do this properly is to use a Role Agreement (which is more specific than a Job Description), to agree on what you expect from each subordinate, and these are then cascaded down the line. The Role Agreement must set a high standard and is the benchmark for future performance. Individual performance that fails to meet this standard is not acceptable if you are to lead your organisation to a stronger position in its marketplace. Equally, a CEO should have his/her own Role Agreement.

I would also be more committed to continuous training. In some recession years, I slashed the training budget to reduce losses, and I regret that now. I should have worked harder to persuade my manager in London that more financial pain then meant a lot less in future!

ceoforum.com.au: What advice would you give to active CEOs on decision-making?

Toner: My first comment is on process. The first thing you have to decide is how strongly you feel about an issue and how appropriate it is to consult. If you are determined to adopt a particular solution, then do it autocratically and make it clear you expect all staff (and especially your executive team) to support the decision. If you need to consult staff because you want their view, be prepared to listen to them! It is annoying and demoralising for subordinates if their manager consistently asks their opinion and then ignores their recommendations. The real problem of course is when staff don't agree with an autocratically-made decision, because their hearts won't be in the implementation and they find it difficult to publicly support the move.

My last comment on a manager's decision-making process is about the influence of his/her personality type on it. In my own case, my natural preference is to make decisions objectively, logically and impersonally, and I don't take sufficient account of the human values or issues involved. In Myers Briggs terms, I am far more a 'thinking' type than a 'feeling' type, and I suspect many CEOs are similar. Hence I need to get input from 'feeling' types and other opposites to my own type to ensure I have considered all relevant data and used the correct process to reach the decision.

ceoforum.com.au: In particular, how important do you see the role of mentors in helping CEOs grapple with the tough decisions they must make?

Toner: Mentors are increasingly being used in business and I'm not surprised. I wish I'd had one, especially in the early years!

The real role of a mentor has to be to provide confidential and useful advice to a CEO. On issues of senior personnel, a CEO sometimes has no one in the company with whom he/she can debate the subject. HR directors are often quite rightly used in this role, but issues of loyalty and confidentiality can arise. Many HR directors have two managers, the local CEO and a group HR director, and that can cause conflicts with sensitive and confidential information. The CEO's own career issues that can't be raised within the organisation can also be discussed with a mentor.

Coming back to personality types, a mentor should be of a complementary (but not completely opposite) type to challenge a CEO on the way he/she sees issues, but must also have sufficient experience and wisdom to be of value to the CEO.

ceoforum.com.au: In your experience does corporate culture play a major role in the decision-making process of an organisation?

Toner: Corporate culture develops over time as a collective response to the systems of work, policies, practices, company values and managerial behaviour in the organisation. The example set by the CEO and senior management is critical therefore to the way the culture develops and is maintained, and this culture will to a large extent determine how others in the organisation make decisions. For example, if the CEO and his direct subordinates 'live' the published values of the company (and corporate values do need to be published), they can expect and demand similar behaviour from others, but not otherwise. These values, like honesty, fairness and dignity, must underpin managerial decisions or the values will be seen by staff to be falsely proclaimed. I think many organisations have a long way to go to properly instill such values across their organisation, and to imbue them in all staff.

Ultimately, the CEO bears the greatest accountability for the culture of the organisation and should not underestimate its importance.

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