

THE TURNAROUND PLAYBOOK

Turning a company's trajectory around requires extreme focus and above all else, support. Senior leaders need to carefully orchestrate the intersection and alignment of strategy, teams, and culture.

CASE STUDY

Set the tone quickly

Dan Hesse was hired as CEO of Sprint at the end of 2007 because the company was losing customers due to poor customer service and faced potential bankruptcy.

The troubles in the company were partly due to an unsuccessful merger between Sprint and Nextel. It was a merger of two equals whose cultures and systems clashed.

Dan's first goal was to focus on customer experience to improve the company's brand and cashflow. He immediately changed most of the senior management team and, with the chairman, half the board. Of the new leadership team, a third were from the legacy team, a third were brought from outside, and a third were promoted up.

A turnaround playbook is based on three pillars.

1. Your strategy: what are you going to do?
2. Your team: who is going to do it?
3. Your culture: how is it going to get done?

Each organization's turnaround will require a different level of focus on each. Identify which is the most important and where you need to start.

01 TURN AROUND STRATEGY

Drive the company with an objective

Be direct and confident. Your employees will know that something is wrong. Be clear and honest when explaining the company's situation but have a plan before you do.

Seek opportunities around which to rally your teams. Focus the organization by making external commitments to customers or stakeholders.

02 TURN AROUND TEAMS

Choose people with a passion for the task

Change your leadership team if necessary. The leadership transition should be quick - a couple of weeks if possible. Use transition as a way to communicate your expectations.

"If you can't lay people off, you shouldn't be CEO. If it's easy to do, you shouldn't be CEO."

- Dan Hesse

Care about people and let them know you care.

TEAM EXERCISE

Have your teams define the company purpose in a list of short words.

At Sprint, purpose was defined by the 4 Ps:

1. Planet
2. Products
3. Privacy
4. Philanthropy

Sit down with every person to find out who has the fire in the belly to tackle a difficult challenge. Find out who is valued the most in terms of their expertise, capability and team spirit. Ask people privately who they want to be on the team going forward.

“A lot of people self-select a tough battle, or not.”

- Dan Hesse

If you need to change the board make-up, ask the Chairman to lead the change.

03 TURN AROUND CULTURE

Align people to the goal

The three elements of a successful culture:

1. People
2. Customers
3. Purpose

Your company culture creates an attractive environment when based on a clear set of values.

“Culture, in essence, is the human embodiment of your brand. They are highly related to each other.”

- Dan Hesse

Engage your teams

Get people to provide input regarding the top characteristics of the culture that they want to work for. What is great about your current culture or that of other successful companies? What kind of culture will help you win? The CEO is accountable for culture but engaging everyone will accelerate buy-in.

CASE STUDY

Assign accountability at the origin of the problem

When Dan joined the company, the person running customer care was held accountable for customer service and responsible for the budget to do so.

To reduce the load on the customer care centers and improve customer satisfaction, Dan held all departments accountable for customer service based on the type of call that was received and how it was coded.

If customers called in because they didn't understand their rate plan or were paying the wrong rate, Dan held marketing responsible. If somebody was calling because they dropped a call on the network, the head of the network was held responsible.

Collectively, the whole company brought down customer complaints by reviewing the numbers every week.

Hold people accountable

Give people the confidence to make decisions based on the data and information that they have that day. The value of time is usually not worth waiting for more data. Data cannot make decisions on its own and at the appropriate time, people need to use their own judgment.

“When people came to me, I’d ask them, is this for decision or is this for advice?”

- Dan Hesse

Guide people to understand that they have the freedom to make decisions but will be held accountable. Autonomy with accountability is motivating. Put profit and loss statements in place across the company to help hold people accountable for each piece of the business.

Know what other expertise is available in the company and create agile avenues for it to inform decision-making. The specific topic experts are usually further down in the organization, but their expertise can be lost if management levels aren't skipped in the communication process.

Compensate based on shared metrics

Culture is built by everyone in the company. Design a compensation plan where everyone's pay is based on the same metrics. The proportion of compensation put at risk by each metric can differ according to position and responsibility, but everyone should drive towards the same goals.

“I had 90% of my compensation at risk. Most people had 5% or 10% at risk, but everyone's variable compensation payout was computed on exactly the same metrics.”

- Dan Hesse

CASE STUDY

Lead with example

Dan bought 100 DVDs of the documentary, [The Endurance: Shackleton's Legendary Antarctic Expedition](#) and sent a copy to all his top managers to provide an example of what a good leadership looks like. He made himself available to discuss its learnings with all his managers.

In another instance, he rushed his leadership team into his office to watch the playoff in the US Open between Rocco Mediate and Tiger Woods. He wanted to illustrate two elements of their new culture: competing like winners and teamwork and camaraderie.

Embed the agenda

What you talk about is what gets done. Once you identify the key area that needs to change to fuel the company turnaround, include it in every agenda.

“For seven years, at the operations team meeting held on Monday afternoons, the first agenda topic was the customer experience.”

- Dan Hesse

Lead through measurement

Measure the change in your company culture. Define culture and constantly reinforce the need to live it.

“If you can't define it, and you can't measure it, you're not taking it seriously.”

- Dan Hesse

Visualize culture

Find ways to show your teams and leaders what the desired culture looks like. Culture is often hard to define and structure.

Storytelling and external representations of the cultural elements you require can be powerful tools to inspire the desired behavior.

“As I look at the turnaround, the MVP truly was the culture. It was how things got done, because everything was about speed through shared values, language, and priorities.”

- Dan Hesse

The Sprint wallet card

Dan issued wallet cards for all Sprint associates. On one side, it defined the strategy (or priorities):

1. Improve the customer experience
2. Build the Sprint brand
3. Generate cash

On the other side, it listed the 10 elements of their culture:

1. Do it now
2. Delegate and empower
3. Be accountable
4. Focus on customers
5. Demonstrate teamwork and camaraderie
6. Compete like winners
7. Develop yourself
8. Innovate
9. Act with integrity
10. Have fun

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