



Welcome...

In business, we talk a lot about both leadership and management, and there's a tendency to join these traits together, sometimes to the point of thinking they're one and the same. In this issue's featured article, my colleague Mill Brown makes clear the distinctions between leadership and management, and explains the importance of finding the right leader to execute a successful turnaround.



The leader, of course, cannot do it alone. He (or she) sets the direction, but the business also needs capable managers to successfully reach its destination. Knowing the difference between leadership and management will help you position the members of your team to best utilize their talents.

When the Wilmington News Journal recently prepared an article on weaknesses in the housing industry, the writer asked me to offer my insights on the topic. You'll find a link to the article on the Newsletters page of our website, www.beaneassociates.com, and we'll write more on the topic in our next newsletter.

For additional information on us, visit www.beaneassociates.com. We welcome your comments and encourage you to forward this newsletter to anyone you think would find it interesting.

Sincerely,
Tom Beane, President CMC CIRA

New director joins Beane Associates

After more than 20 years of successful, multi-disciplined experience in management, mergers and acquisitions, operations, and sales for both private and public companies in the environmental, transportation, retail and service industries, Kevin J. Beane has joined Beane Associates, Inc.

Kevin most recently served as a municipal marketing manager for Waste Management, Inc., an industry leader in waste and environmental services, where he was responsible for maintaining a portfolio with annual revenues in excess of \$20 million. While increasing EBIT percentages and elevating operational standards for Waste Management, Kevin also assisted his clients in achieving environmental sustainability goals, reducing costs and improving efficiency.

Prior to joining Waste Management, he was a key member of the management team of a start-up private waste removal corporation. His hands-on leadership of the sales team helped make the business a regional leader within five years. As he built the company's annual revenues to \$12 million, he also worked closely with the operations, credit and collections departments and eventually helped prepare the business for its successful sale to Waste Management, Inc.

Kevin earned his B.S. in Economics from the University of Delaware and his M.B.A from Wilmington University.

LEADERSHIP: HOW TO SPOT THE STRONG AND THE WEAK By Millard Brown

For the forty years I have been involved with the management side of business, the debate about management versus leadership has continued. For the twenty years I have been involved with turnarounds and restructurings, evaluating management and picking leaders have been the most important tasks. As a consultant on a turnaround, picking the internal turnaround team leader is task number one.

Any business needs good leaders and good managers. If the senior person is both a good leader and a good manager, they most likely will never need my services. Most failing businesses are over-managed and under-led. Some organizations are both under-managed and under-led. Failing organizations are stuck in the past and have never faced a crisis of being over-leveraged and cash poor.

So let us look at the debate from my eyes. Management is about things. Managing is planning, budgeting, organizing, staffing, controlling, and problem solving. Leadership is about people. Leading is setting direction, aligning people, motivating and inspiring. Peter Drucker probably said it best: *"Management is doing things right, leadership is doing the right things."* Leaders keep their eyes on the horizon, not just the bottom line. Warren Bennis says: *"The manager asks how and when; the leader asks what and why."*

Put another way: Leaders pursue opportunities while managers reduce risk. Leaders seize opportunities while managers avert threats. Leaders amplify strengths; managers reduce weaknesses. Leaders challenge the status quo; managers accept it.

Given that you agree with me that there is a difference between leaders and managers, how do we use the knowledge to evaluate managers and key employees of a stressed organization? The very first step in evaluating the management team is to tour every function and chat with the employees. Much can be learned by their demeanor. Do they engage easily, smile, look you in the eye or do they complain about lack of resources? Is the work area clean, organized and are people busy? After the initial impression, one looks at the results against budget, goals, and objectives for each function.

Now it is time to interview every manager and key employee. Leaders can come from anywhere in the company. They may not even be managers. As you observe and interview these people, start looking for the characteristics of the strong versus weak leaders. The base quality is integrity and the courage not to compromise on core values or critical issues.

Here are the other comparative measures:

The strong live in the present and the future; the weak live in the past. The strong take risks; the weak avoid them. The strong earn respect; the weak try to demand it. The strong have clear vision; the weak lack vision. The strong have good follow-through; the weak don't follow through. The strong inspire people, the weak try to control them.

As you observe, interview and assess, you may come to recognize some of the organization's leaders aren't leaders at all. They talk a good game, put on a good act, but just aren't getting the job done. Chances are you've some of these types: the president with the



great-sounding growth plan, PowerPoint presentation and three-year projection whose numbers had no grounding in actual past performance and who lacked the backing of his staff; the branch manager who was reaping rewards for having the highest branch sales and sales per employee, but had the lowest gross margin and barely made money; the foreman who always met production goals but never gave his people any credit even when improvements were their ideas.

The next task in your assessment is to rank everyone with a 1, 2, 3, or 4. One is a "must have"; two is a "good to have"; three is "ok"; and four is a "must go." The twos and threes may need to change jobs. Some people are in jobs that do not fit their core values (another whole discussion). The fours must go quickly, and, unless they lie, cheat, or steal, should be helped to find a job.

The final task is to figure out which of the ones should be the internal turnaround leader. The key here is someone with a clear vision of what can be and the ability to inspire people to work toward that vision. In one case, the internal turnaround leader came from three levels down the organization. She also was the only one we observed to attach dates to tasks and the follow through to enforce the accountability.

The conclusions are:

- There is a difference between management and leadership.
- Every business needs both.
- Turnarounds need strong leadership to survive the crisis.

There are definite markers of a strong leader that one can use to identify those leaders. People are the most important asset when orchestrating a turnaround. Make sure you have the right mix and a strong internal leader.

Tip Sheet

The steps to evaluating managers and finding leaders:

- Tour every function and chat with the employees.
- Measure each unit against budget, goals and function.
- Interview every manager and key employee.
- Rank everyone — from "must have" to "must go."
- Look for vision; look for inspiration; look for a commitment to accountability.