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The CEO Evolution

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Time for Change in the Corner Office

Over the past 25 years I have worked with many, many business owners and CEOs. My job most often has required me to understand their businesses, assess myriad risks faced by CEOs and how those risks are mitigated.

In the CEO Evolution series, I will identify and discuss key business drivers and how corporate executives can more effectively manage their employees and maximize their company's potential by utilizing those drivers.

Increasing profitability and building a stronger internal culture starts at the top. By working with the management team to create a culture of accountability and by emphasizing key business drivers in decision-making, CEOs will begin to see greater efficiencies across the board.

Time, time, time. It is the most precious resource to any business owner – arguably more important than your product, the competitive cost of delivering your product (or service) to the market or the talent of your team.

In an ideal world, business owners and top executives would always be thinking strategy: how to convert time, raw materials and product into revenues in a more efficient manner; how to convert revenues into cash; how to add new customers; how to reduce waste; and how to utilize the entire workforce to its capacity.

The fact is, however, that business owners and CEOs more frequently become involved in the day-to-day functions of their business — things like making sure shipments get out the door and attending to customers. They get involved in the noise of the day and get away from setting and monitoring strategies for growth.

Take accountants, for example. April is just around the corner. We've got dozens of tax returns coming in every day. The partners in an accounting firm may be extremely proficient at preparing tax returns and financials. But if those partners sit there preparing returns all day, that means they're not out there meeting with attorneys and bankers and trying to generate new business.

For owners, CEOs and top executives, it's more important to develop and focus on the implementation of strategies that can drive business growth, while delegating day-to-day tasks to staff and entrusting those staff to managers.

After that, the next step is evaluation.

Do you and your management team know their progress as compared to the prior month, or the same month in the prior year? Do you, as CEO know how the key business drivers of your company are performing on a monthly basis?

Imagine if you had the time and the tools to review all the critical data about your business and evaluate it on a consistent basis. What would you do with that information? How could you act upon it? How would you learn from it, and how would you plan ways to improve those aspects of your business that are lacking — or worse, deteriorating?

A lot of CEOs will periodically look at some business drivers, but not all of them, and they often won't evaluate what is causing those numbers to go up or down.

Reviewing these indicators on a weekly or monthly basis — and not just once a quarter or once a year, and being the driving force behind activities to improve them — will enable CEOs and the management team to better understand what is contributing to rising or declining sales figures and how to affect change in the organization.

Managing in this manner represents the best use of a CEO's time, and will keep the focus on key drivers that directly affect his or her business.

The CEO of a company can do many, many things with his or her time. The best use of that time, though, is to focus on strategic activities and not operational ones. There are others in the company who can take care of day-to-day operations. Let them do their jobs, so that you can devote your efforts to keeping your business on track.

Driving the Point Home

Any business, at its core, is a collection of people working to provide goods and services that meet clients' demands while generating profitable returns.

In order to realize and maximize those returns and internal efficiencies, CEOs and other top executives must be actively engaged in the strategic planning process.

The previous installment of the CEO Evolution series discussed the need for those top executives to have less of a hand in dayto- day operations and a greater role in the development and implementation of strategies that can drive business growth.

In other words, CEOs must start by managing through key business drivers.

Key business drivers are indicators that each have a major impact on the performance of your business, something that is measureable and can be compared to a standard — such as a budget or last year's figures or an industry average, and perhaps most important, something that can be acted upon.

There are certain key business drivers that vary from industry to industry, but many apply across the board. They include:

Revenues: It's important to separate revenues by location, employee, and/or product, etc. That breakdown of revenues should then be analyzed on a monthly and annual basis, allowing management to see which part or parts of the business are growing, which are contracting, and why.

Gross profit: Likewise, before you can maximize profits, you have to know where the problems and opportunities are. Being able to determine and report profit at the lowest level of activity for your company (by location, employee, product, customer, etc.) will give you that ability. If you can't, you're operating with a blindfold.

Customer growth: The ability to attract new customers is the lifeblood of a business, and is where everything originates. So who is bringing in these new customers? What is your best product? Which location is consistently adding to the client base? Why do some people and products fail, while others succeed?

The flip side is customer attrition. Customer loyalty is tested in tough economic times, but attracting new customers is more expensive and time consuming than holding onto existing clientele. Finding out why a repeat customer has chosen to take their business elsewhere is critical.

Inventory turnover: If your business involves the sale of goods, you know inventory levels represent a double-edged sword. Capital converted to inventory may give you something to sell, and purchasing or producing large lots may be more profitable. But, once that conversion is made, your product is at risk to lose value — not to mention the space and personnel required to store and manage inventory.

You need to understand your inventory requirements, lead time and volume discounts on a product-by-product basis, and track them monthly.

Accounts receivable turnover: Cash is king, and customers easily become conditioned. If you allow them to pay for products in 60, 90 or 120 days, that is exactly what they will do. They will use your company as a line of credit (interest free)!

As you can see, it's a common theme: Most business drivers need to be identified and reported at the lowest level of activity.

Your company's revenues could be growing rapidly, but if, upon closer inspection, that growth is the result of one or multiple salesmen giving the farm away, your gross profit could take a hit.

Having the ability to get a clear determination of the performance of your employees will help you put the appropriate people into the appropriate positions, and will ultimately help motivate them to improve.

Non-generic key business drivers vary by industry. For example, manufacturers must monitor production efficiency and machine downtime. Professional service organizations have the utilization of employees and overhead rates as key drivers. Other drivers can include price per pound, the turnaround time from a sale to shipment or the conversion of change orders. For the key business drivers that may differ from one industry segment to another, tracking your progress against industry-wide data is crucial.

The caveat? The important word here is "key." Realistically, management can't track 15 to 20 key drivers on a weekly or monthly basis; something in the range of five to eight might be more achievable.

As always, your success will depend on your ability to delegate to the management. If you have someone who heads up an office or division, that person should monitor the key indicators for her office and report back to you.

Embracing a Culture of Accountability

Having a sound corporate strategy counts for nothing if you don't have the means — and the people — to implement it.

The previous two installments of the CEO Evolution series discussed the importance of developing a growth strategy that incorporates key business drivers, such as revenues, profit, customer growth, inventory turnover and client turnover.

A CEO's top priority should be the development, implementation and monitoring of such a strategy.

In order for it to be most effective, obtaining buy-in from your management group is critical. Why? Because you need your management team to be an extension of you.

Over the course of implementing a corporate strategy for long-term growth, your entire organization must accept and embrace a higher level of accountability and the pressures that go along with constantly trying to raise the bar.

In the old days, obtaining corporate buy-in just meant barking orders, but this is a different generation that responds to a more hands-on, grassroots style of leadership.

As a CEO, your management team is closer to the action than you are, and so you want them to be thinking of ways to solve problems as you would. That necessitates that they buy into this concept — the culture of constant accountability and self-improvement.

Message: Discuss with your management team the key drivers that you feel are most closely linked to your company's growth. Establish protocols for monitoring your progress as a company and your employees' progress as individuals.

Compare where the company is now to your competitors, or to the industry standard. You can access data on various industry metrics from sources like IBISWorld Industry Research Reports (ibisworld.com) or Integra Benchmarking by MicroBilt (microbilt.com).

Identify areas where the company is strongest and other areas that need improvement.

Most importantly, show management and employees what will happen if those key business drivers are improved upon, how profitability and free cash flow will be affected, and how that can lead to rewards such as increased compensation for those who are shown to be contributing most to the improvements.

Consistency: Creating a culture of accountability takes time. It means having weekly and monthly meetings to discuss and act on key business drivers, and reinforcing the company's goals.

Be sure to regularly discuss progress of each key business driver with the management team, taking time to reflect on and reach conclusions over what the data is showing.

Communicate to the management team what you, as CEO, are seeing, and what you would like to see done differently (or maintained) going forward. And then follow up on any directives given to management.

Consistency means having weekly and monthly meetings to discuss and act on the key business drivers. Some topics — such as sales, gross profit, or profits by location — lend themselves to monthly meetings, whereas others — open leads, for example — need to be discussed on a weekly basis.

Keep meeting times, agendas and locations consistent as well, ensure that all of the necessary people are regularly present, start the meetings on time and don't cancel except in the case of emergencies. Again, this is all about tone at the top and leading by example.

Accountability: Developing a culture of accountability starts with and must be maintained by the CEO. If employees see their boss lose steam and discontinue initiatives after a short time, chances are, they will follow suit.

The management team and all personnel must understand that reports on the company's progress will go all the way down to the individual level, and that there will be accountability for success and failure at that level.

Goals will be set, and compensation, promotions, and careers paths will be driven by this system.

A word of caution: CEOs must be willing to reward the appropriate personnel for successes that increase the company's profitability. If there is no upside for them, then buy-in is going to be much more difficult.

Developing a Business Driver Reporting System

First, the obvious: On the most basic level, a business cannot survive over the long term without being profitable. But when it comes to building consistent profits, there are myriad variables and key business drivers that come into play.

Previous installments of the CEO Evolution series have touched on the need for CEOs and top executives to constantly be developing a business strategy, while entrusting day-to-day operations and the monitoring of those key drivers to the management team.

But in order for managers to keep tabs on their staff's productivity and for executives to form a strategic plan based on indicators like revenues, customer growth, sales leads and inventory turnover, a comprehensive data reporting system must be in place.

Here, I will discuss some of the challenges and important features of a strong reporting system:

Readability: A 20-page report crammed with statistics and numbers will not accomplish the objective, which is to communicate certain key data to your management team in a powerful manner.

Keeping it simple and clean will allow you to focus on your company's five or six most important business drivers.

Key Trends: For my monthly operations meeting, I have one sheet for each of my managers that reports things like the current monthly sales compared with the previous year, current year-to-date sales compared with the previous year, gross profit for the month and year-to-date, cash receipts for the month and year-to-date and total customer balances that are 60-plus and 90-plus days due.

In addition to comparing an individual or a location's sales with prior periods, it's important to include the percentage and dollar amount by which sales increased or decreased. It may be subtle, but it communicates the direction the office and those responsible are heading.

It is also important to create reports that identify issues before they become major problems. For instance, I separate the amount of receivables that are over 60 days past due with those that are over 90 days past due.

Finally, on a quarterly basis reporting should be more in-depth, with the objective of viewing trends over a three- to five-year period and addressing longer-term strategies.

Comparability: One of the most difficult tasks is analyzing the individual segments of a business and quantifying their progress.

If your operations include generating sales out of multiple locations, then the first place to start is a profit and loss analysis by location. But that alone is not enough.

Many companies with multiple locations have important functions being performed by the corporate office, or headquarters, on behalf of all the operating locations. While functions like purchasing, IT, marketing, accounting and customer service might be centralized at the corporate office, their costs should be factored into the expenses for the respective operating locations.

Comparing sales from each operating location may seem logical, but that too can present pitfalls. A problem location — which usually means lower sales or tighter margins — may be taking a disproportionate share of executive and management time.

Why would something like that need to be considered and detailed? Because if the poor-performing location is taking up valuable executive time, other, more profitable locations may not be getting the attention that could be spent on further expansions and product development.

Another important consideration is the separation of acquisitions, new hires and other factors that will affect comparability with prior periods. All reporting must identify the impacts of these changes so you are comparing apples to apples.

Labor Costs: The cost of salaries and benefits cannot be overlooked as a key business driver.

Service-based companies that bill for time, such as law and accounting firms, require most of their employees to complete daily time sheets, which in turn can help to track profitability and utilization by employee.

Most companies don't follow this practice, but more should consider it. Your workforce is your most expensive asset, but you can't manage what you can't measure.

Instituting a straightforward time and reporting system that tracks employee time to complete activities and projects will go a long way in making a company's workforce more efficient and give you a better understanding of what everyone is doing.

Preserving the Golden Goose

We see instances of it in corporate America all the time: without the right CEO, a business will likely flounder.

The CEO is responsible for developing a keen strategy for growth, centered on key business drivers such as revenues or gross profit.

Another responsibility, and one that is not to be overlooked, is for the CEO to find strong managers and capable employees to carry out that strategy on a daily basis.

The company comes first: Decisionmaking becomes easier if you keep in mind that there is no one person — the CEO included — who comes before the success of the company.

In 2009, we had a lot of very difficult discussions with CEOs, with some of them even breaking down, because they knew they had to lay off people who had been with the company for as many as 20 or 30 years. But not doing so might have caused the company to go under six or eight months down the road, which wouldn't have boded well for any employees.

That trickles down to the CEO as well: In tough times, everyone's position and salary needs to be examined. Every decision, in good times or bad, has to be made with the company's best interests in mind.

You get what you pay for: Most great CEOs know how to identify, retain and develop talent. But having the best talent costs money, while settling for mediocre talent can cost you in the long run.

Too many companies are trying to go on the cheap by hiring at below-market rates. That just doesn't work. When you pay at or above market rate, you get to set the expectations and it is more likely that high expectations will be met because you have shown you're willing to pay for success.

Additionally, if an employee doesn't work out, it will be easier to replace them if the outgoing employee was already working at a competitive salary level.

Fostering leadership: There is a fine line between having reliable, productive managers and having carbon copies of yourself. To have a truly successful management team, you've got to let them be leaders.

As CEO, you want to allow and encourage your managers to bring their own style to the job, while reinforcing your broader strategic goals. If employees see your second-in-command merely barking out your orders like robots, their credibility will be compromised.

Also, expect those managers to fail from time to time. Your managers might be able to predict many of your moves and decisions, but not your every move. The mistakes may cost the company in terms of customers and sales, but those mistakes and losses will be more than offset through the development of strong managers.

Learning from the best: The position of CEO is a lonely one. While on the job, CEOs rarely have mentors in-house to draw on for advice. To fill that void, there are a number of networking groups established exclusively for CEOs.

Vistage (vistage.com) is a good international organization with local chapters, and others include the CEO Mentor Group (mentorusa.com) and the CEO Roundtable (theceoroundtable.com).

Additionally, having a board of directors to serve as a sounding board for strategic decisions can be instrumental in a CEO's success.

Balancing loyalties: Family businesses pose their own set of potential issues, most of which revolve around employment, compensation and ownership stakes.

It's vital to look at a family business like any other entity and not just as a family operation. The business should be run by the CEO, for the benefit of the owners, and in the direction set forth by a board of directors, which in turn should have some non-family representation to act as an objective voice.

Just as in other businesses, compensation, commissions and bonuses should be based on market value and an employee's productivity in relation to the company and determined by the board of directors.

Beyond compensation, owners in any family business may determine that they need to expand profit-sharing to other members of the family who are involved with the business, and may ultimately decide to pass down some of their stake to the next generation.

A family business can be like the golden goose: it has to stay healthy so it can continue to lay those eggs and everyone can continue to feed off of it. But if members of the family are all grabbing for their piece of the business, the goose will stop laying those eggs.

Seizing the Opportunity

As CEO, delegating tactical responsibilities to others and creating a culture that motivates your employees to execute the day-to-day activities effectively is easier said than done.

But to do so successfully will allow the CEO more time to spend on strategic planning and projects — of which there is no shortage.

As operating and structural improvements are made within an organization, that firm (and its CEO) will begin to see more options and opportunities.

Those can include the addition of a new product or the elimination of an unprofitable product or service, relocations or lease renegotiations, succession planning, franchising or the hiring of additional staff in response to an unmet need.

Two other strategic opportunities that might seem overwhelming, but shouldn't be overlooked, are acquisitions and the development of international markets.

Acquisitions: Managing an acquisition is about choosing the right target, performing due diligence, integrating systems and, most importantly, knowing when to walk away from a bad deal.

Choosing a target: Acquisitions are all about adding value on multiple levels. First, the target should enable lower costs through economies of scale and better cost management. Second, it should create more market power by bringing together additional products or services under your brand name. Third, the target should help your organization change the competitive dynamic, whether by taking out a competitor, becoming more vertical or adding products and services to your portfolio.

Due diligence: The objective of this stage is to ensure the target acquisition would be a strong fit and to identify potential dealbreakers. Here, it's important to examine the target's market position, determine whether its products and/or services fill a unique niche and identify any potential threats or weaknesses to its product/service line.

It's also important to understand the cost of integration, from production to marketing and IT. How easily will you be able to integrate their operations and systems into yours?

Finally, don't forget about the people involved. The CEO or owner of the target is accustomed to being in charge. It's important to define his or her future role, as well as those of the target's key staff. Pay close attention to people issues: from management down to the rank and file. Most acquiring companies fail to pay enough attention to the cultural factors. If people are not going to buy into the culture of your organization or are not united around your vision and goals, don’t go any farther.

Integration: Integration is an ongoing process, not a short-term activity, and requires a well thought-out plan with roles and responsibilities clearly defined prior to the start. To reduce customer attrition, visit the target’s important customers and explain how they will benefit from the acquisition.

The key is to deliver on what was discussed and promised to the firm being acquired, and its employees, on a timely basis. The new employees will likely feel vulnerable and insecure. They are going to be looking for evidence that this was a good decision, but a lack of communication and delays during the integration stage will only serve to sow doubt.

Going international: With a stagnant economy, more and more businesses have entered into new markets by necessity rather than choice. Regardless of which category your firm would fit into, here are some basic tips:

- **Prepare a business plan:** Evaluate your needs, costs and set goals. To bring your products and services into new markets is to form a new unit of your business, so it is essential to assess your readiness and commitment to grow just as you would with any other new venture.
- **Identify and understand your markets:** Is your target market familiar with your product or service? Will it mesh with the local culture and customs? The U.S. Department of Commerce is an excellent source of information on foreign markets, as is Export.gov, which brings together resources from multiple cabinet-level departments.

With international ventures, the importance of understanding cultural differences cannot be overstated. As a CEO looking to expand beyond the U.S. markets, you need to understand and be comfortable with the cultures of the markets you are seeking to access.

- **Evaluate and select distribution methods:** This means opening a foreign subsidiary, working with agents or setting up joint ventures. Each method has its advantages and disadvantages depending on the country, so it’s important to understand the legal and tax ramifications of each before choosing.
- **Be aware of taxes and pricing:** You should be aware of import duty taxes and transfer pricing requirements, as well as the pricing of your competition. Some countries have black markets for certain goods that are large and sophisticated enough to limit your ability to profit.
- **Understand the availability and costs of financing:** It’s important to know what options are available to financing capital investments and startup costs. One alternative is the U.S.

Thinking Outside the Box

As we have discussed, a CEO must separate him or herself from the tactical, day-today duties in order to spend more time on strategic activities.

This can be difficult for companies with limited resources and personnel. A solution is outsourcing. Outsourcing is also a way to focus on the core business and reduce risk by limiting operations you can do best. A company may have a great product design, but no space to house mass-production facilities. Or it may not have the people with the right skills to manage its servers and technology.

If your company fits this description, consider outsourcing non-essential activities, and outsourcing to small and mid-market companies. Many Fortune 500 companies will outsource functions for a variety of reasons, but all in the name of achieving greater efficiency.

Of course, there are naysayers. Outsourcing within the U.S. has a reputation of being more expensive than performing duties in-house, but if you consider the indirect costs tied to those duties and the potential time-savings that can result from outsourcing, it can be effective.

While there may be cost-savings with outsourcing internationally, there are a number of pitfalls, as companies like Apple — which sources many of its product components from Chinese firms — have seen over the years.

Here are a few examples to consider:

Human resources: This can range from hiring a payroll service to completely outsourcing certain functions of your business offshore. Outsourcing payroll is a no-brainer for most companies. Performing payroll functions in-house is time-consuming and risky, because business owners are personally liable for misappropriated withholding or payroll taxes.

Outsourcing health and welfare administration functions has been very popular and will only increase with the Affordable Care Act. Recruitment, compensation planning, relocation and records management are other functions that are commonly outsourced.

Outsourcing entire departments offshore (to places like India) can significantly reduce costs and increase productivity and efficiency. In addition, it frees an organization from investments in technology, infrastructure and people for administrative functions. Disadvantages to outsourcing can include loss of confidentiality, control over deliverables, problems with quality and delays in work output.

Technology: Redundancies, server choices, technological advances, disaster recovery, license requirements, security, down-time: IT is a world unto itself. More and more companies are outsourcing at least part of their IT function because the broad range of expertise required to keep an organization on-line has become too complex. IT issues that affect productivity and efficiency include employee down-time, maintenance of networking and website functions. Maybe the only thing worse than sending your employees home early due to system failure is an inability for your customers to purchase your goods because your website is down.

The company that has its own team of IT employees for managing networking may need additional support during bigger issues. Hiring outside vendors to lend a hand to your team can allow you to maintain efficient timing and make a big problem smaller with additional input and solutions.

No matter what your need may be, locating the right group of people to help is important. The outside team you select should make sure to keep you informed and maintain an open line of communication about the stages of work being done in your project.

One great aspect of modern technology is the rate at which upgrades hit the market. By keeping a professional team of experts on top of your IT systems, you will have less risk of falling behind. Always remember: Your competition is most likely staying tuned to the latest in technological advances as well.

Bookkeeping: Like payroll service companies, there are many local bookkeeping companies with efficient accounting processes that make this service affordable and can also improve the timeliness of financial reporting. Outsourcing your bookkeeping and accounting functions should not, however, include any treasury functions (such as investing, signing checks, authorizing bill payments online, executing wire transfers, etc.), which should remain completely under your control.

Manufacturing: Many companies struggle with their identity. Is their core competency in manufacturing, design, engineering, marketing or some combination of those? Managing all at once requires resources, attention and expertise in each of the different disciplines.

Manufacturing is often capital- and labor-intensive, and for many products is a commoditized activity. Outsourcing manufacturing in order to concentrate on the core business can be done through local and national production firms. This will likely increase the direct cost of the product, but will allow you to reduce headcount and facility space and to concentrate on what your organization does best.

Outsourcing manufacturing with the goal of cutting costs will most likely involve looking abroad, which presents additional challenges. Distance, cultural differences, language barriers, international trade regulations, foreign exchange rates, and lack of enforcement of intellectual property rights are all factors to consider. Yet companies from well-developed countries have almost always used outsourcing to save on the cost of acquisition of contract manufacturing.

An important disadvantage to outsourcing internationally is the extended cash cycle. Capital outlays for the purchase of raw materials and production of finished goods can be required six months before collection from the sale of such goods. In addition, letters of credit securing the full purchase are often required upon shipment, which will reduce your line of credit availability. Look into the ability to obtain financing from purchase orders and fully understand the cash cycle when you consider international outsourcing.

Taking the Long Position

Over the course of this eight-part series, I have written about how a CEO can more effectively run and grow a business. My premise is that a CEO's ability to manage is the most influential factor in determining whether an organization will achieve sustained growth and profitability.

In a nutshell, the CEO is responsible for setting strategy and vision. The CEO ultimately sets the direction, leads the company. Which markets will the company enter? With what product lines, and against which competitors? How will the company differentiate itself?

What happens all too often is that CEOs take on or assist in the responsibilities and tasks that should fall to their subordinates. Why? The company might not have a certain position filled, the position might be filled by someone not qualified to accomplish the requisite tasks, or the CEO might be unsure of how to remove him or herself from day-to-day duties. Whatever the reason, it still comes down to the CEO not adequately fulfilling his or her job responsibilities.

Now let's be practical: Most small and midsize businesses may not have the bandwidth for their CEO to devote 100 percent of his or her time to the traditional responsibilities of a chief executive.

The list of responsibilities is daunting, and whether they are met head on is critical to the company's success. The more time a CEO spends on day-to-day or tactical, activities, the less time he or she has for higher-level activities.

That sort of negligence may not catch up with a company overnight (whereas a company would immediately feel the effects of neglecting certain day-to-day responsibilities) but a lack of focus on long-term strategy and goals will eventually become evident in the company's performance compared with its peers.

Ironically, one of the most critical jobs of a CEO is to find a way to allow yourself, as CEO, to perform your designated responsibilities. I have tried to offer some ideas and tools to help accomplish this. Some of those things I have discussed in the CEO Evolution series include:

Managing your business through business drivers: The CEO should identify the six to eight key factors that have a major impact on your business. Many of these business drivers cross industry lines, but there are others that are specific to your industry, and may not be conspicuous. A good place to find key business drivers by industry is www.ibisworld.com.

Developing a business driver reporting system: Those key business drivers should be reported by each operating segment using a simple and clean format and at regular intervals (monthly, quarterly, etc.). The important messages will be lost if they are buried in a 20-page report crammed with statistics. Standardize the report by culling out acquisitions and other one-time events. This reporting system can cover both operating and nonoperating data, such as information on how your employees are spending their time at work.

Embracing a culture of accountability: Implementing a corporate strategy requires buy-in from your management team and the creation of a culture of accountability across your entire organization. You should identify areas where the company is strongest and other areas that need improvement. Most important, show management and employees what will happen if those key business drivers are improved upon and how that will lead to rewards such as increased compensation. Creating a culture of accountability takes time, requires consistency and discipline, and must originate from and be maintained by the CEO.

As CEO, your primary function is that of a leader. Your management team and employees will look for messages being sent by their CEO, and those messages will affect their behavior and how they conduct business for you. Therefore, all of your decisions should be towards the achievement of the company's short- and long-term goals.

Also, let your management team manage. Let them make mistakes and learn from their mistakes. This will allow you to remove yourself from most of the tactical duties and to execute those long-term goals, like making acquisitions, going international, or getting into a new market.

Finally, make sure you know what you are good at and consider having someone else do the other stuff. I was at a recent presentation by an executive of a wellknown company in the food business. The company has sales in the hundreds of millions of dollars and employs less than 50 people. How? They outsource all their non-core business.

So there it is. In the words of Donald Trump, "As long as you're going to be thinking anyway, think big."

About the Author

Mark L. Fagan, CPA, is the managing partner of Citrin Cooperman's Connecticut office and the creator of The CEO Evolution, a written series that explores the dynamics of the corporate executive landscape and offers management insight and solutions for today's business leaders. The column has been published in both the Westchester and Fairfield County Business Journals and serves as the inspiration for The CEO Evolution business seminar. The CEO Evolution business seminar explores the unique challenges facing today's chief executives.

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