

The Savvy CEO™

Volume 1 • Issue 2 • October 2001

Extraordinary managers discuss extraordinary management

The Savvy CEO Speaks

The SavvyCEO Speaks is a regular feature sharing philosophies and experiences with other CEOs. Our SavvyCEO for this issue is Invacare Corporation President and COO Gerald Blouch. Gerry has responsibility for all domestic and international business units of this one billion dollar Cleveland, Ohio area corporation.

Q: This has been a very successful company, growing from \$110 million, twelve years ago when you joined to over \$1 billion today. What makes it work?

It's always about people. We are excellent at creating self-directed work groups. Mal Mixon's (Chairman & CEO), strength is to make sure we have the right people and the right organization, doing the right things, and then get out of the way. We have to monitor, but not by giving daily assignments, but by watching the metrics. We try to bring together all the good things: talented people with the right resources running the business. Our people have to believe they can achieve and they must have the tools.

We have to be self-directed. We focus on creating self-directed groups. We want to get people energized about their work, treat them fairly and let them participate in decisions. We have to figure out how to harness the talent of all the people in a plant, not just the plant manager with an idea. We are talking to people everyday, listening to them, dealing with them as individuals. I have to trust to get people involved in the business. It works because we work together; we have enough people who believe we mean what we say. These people help me to do my job.

I want people to think and not do just what I say, but what is needed. Let's agree on what we are going to accomplish, then what the tools are. Each tool has to be a workable tool for the guy on the shop floor. The guy on the shop floor can stop the line, if needed. People want empowerment and to feel ownership. If you can actually make a contribution, it is enormously powerful.

We have never really bought into the latest fads, 'the fit du jour': six sigma, kaizen, Malcolm Baldrige. B2C, continuous improvement. Yes, we looked at them, spent time trying to find the fit for Invacare. From each one, we took what we could. For example, six sigma morphed into lean manufacturing. We 'Invacare' things- our people have to believe in it. We say to our people, "You're managing the lines. Let's agree that we want to work for continuous improvement. We don't want to confuse hard work with smart work. We don't waste people's time."

Invacare Corporation is the world's leading manufacturer and distributor of home medical equipment. Invacare Corporation's mission is to provide, worldwide, the highest value in mobile medical equipment for people with disabilities and those requiring home health care. Invacare Corporation • One Invacare Way • P.O. Box 4028 • Elyria, OH 44036-2125 • 800-333-6900 • www.invacare.com

Q: Sounds good, are there problems?

Do things fall off? Yes, we have to actively manage the business through metrics. We have to watch the interplay of all the metrics in managing the business. Some team may be more aggressive and begin to add complexity to the process, we have to watch for that and actively manage the whole so we don't destabilize.

And our people tell us when things aren't working. We walk the shop floor, we get e-mails from employees, asking questions, telling us something didn't make sense. We have to validate and nurture these challenges. Yes, we have those who have a 'complaint of the day', but I'd rather have them than not. I want a robust system with emboldened people. I want to know the underlying issues.

Q: How can you manage the communications across the entire company? How can you instill your concept in every plant?

In the early years of Invacare, Mal Mixon used to hold regular meetings in one room with all the supervisors. Everyone heard the message. It doesn't work that way anymore. We have many plants in many countries. Geography, size, language and culture complicate communications. This is a constant challenge throughout the company. The most frustrating part of the job is how to keep people equally and consistently informed.

Continued on page 3 ►

Leaders Respond to National Crisis

"Competitiveness and compassion: both are critical in today's CEO to sustain the business for the future and simultaneously tend to the emotional needs of the employees."

— Dave Ulrich, Ph.D., U. of Michigan School of Business.
Business Week called Dr. Ulrich "one of the top ten executive educators in the world."

"Maslow knew about 'first things first.' On Tuesday, September 11, our team watched a television monitor in our conference room for a few minutes in total horror & then tried to return to work. Moments later, we came back together, held hands for a moment of silence, then went home to hug our families. If I had been scheduled for emergency brain surgery that Tuesday afternoon, I would have hoped that the surgeon had been hermetically sealed-off from all news. Whether you approach it from a 'people friendly' perspective or a 'business logic' perspective, it's still FIRST THINGS FIRST."

— Marilou Myrick, President & CEO
ProResource, Inc. Cleveland, OH

Continued on page 6 ►

CONSIDER THIS

Laverne says...

Interruptions!

Lee says...

Are You One of Those Listeners Who ...?

Good listening requires hearing the whole message before interrupting. There's one logical reason why! In the English language, the most important part of the sentence is! So, if you interrupt you could!

Why do we interrupt?

- We're operating in a busy world and don't have time to listen.
- We assume we know what the speaker is going to say.
- We don't really want to hear what the speaker is saying.
- We have gotten into the habit of formulating our response before we hear the entire message.
- We are bored with the speaker's message.
- We don't really care about the other person or his or her ideas.

There are a number of problems that arise from this nasty habit. By interrupting, you guarantee ineffective communications:

- You are formulating your response based on incomplete & faulty data. And, if as a listener you are in a superior position, the speaker will not correct you!
- You inflame the discussion and create a defensive climate leading to emotional communication based on feelings rather than issues.
- You erode the relationship and diminish your credibility by appearing as though you don't care.
- You will block potentially important information from reaching you. Interrupters gain a reputation as non-listeners and people stop communicating with them because they believe regardless of how good their ideas, "they won't be heard."

Now more than ever, organizations can't afford mistakes based on misunderstandings. Excellent listening is a must. A skilled listener can save the organization time and money while building credibility and stronger relationships. So the next time you're tempted to interrupt just ...wait.

"We tend to go in search of that which confirms our own position. We rarely volunteer to go in search of that which might expose us to ideas that go against our own beliefs."

— Jonar C. Nader

*"The opposite of talking isn't listening.
The opposite of talking is waiting."*

— Fran Leibowitz, American Journalist

"May I have just a minute?"

The average block of uninterrupted time a senior executive can expect is eight minutes.... over and over throughout the day. Just as you are engrossed in the report before you, the phone rings with an important call or someone knocks at the door... "May I take just a minute?" We love having the answers but?

You only have time. But you need to keep the information coming to you. It is important to get in front of the problems, to be able to reduce the crises long before it becomes a crises. The most effective managers are ready for the inevitable problems of the business day. Manage the interruptions without shutting down the communications flow:

- Block out time on your calendar every week for quiet reflection and reading. Schedule it as the critical session it is. Close your office door during this session.
- Leave some time every week for 'drop ins'. Leave your door open and allow anyone to stop by and have a few minutes. You may receive some very important information for crises prevention or opportunity. However, don't allow one individual to take the entire block of time. If more time is needed, schedule another meeting.
- Work in your office with your door halfway open. This will not discourage people who really need to talk to you, but will deter the socializers.
- Partner with your assistant to route calls or meetings better handled by others to them.

Try this for a month. Although it will take some time for people to understand your new approach, soon you will find you are in front of problems more frequently and have some precious uninterrupted time for your job: thinking.

The Emperor's New Clothes



We had a great response to the informal survey in June's issue of The SAVVY CEO. Most respondents, while quite eager to discuss the issue, asked to remain anonymous. Here are some of those responses.

What is a shielded CEO?

"It's the Emperor's New Clothes. When other people in the organization know there is an obvious problem except for the executive—he's the only one unaware of it." (Frequent Response)

"He's an executive with a 'big man' syndrome." (VP, Mfg.)

Continued on page 4 ►

The Savvy CEO Speaks

Continued from cover

The challenges are language, culture and my ability to articulate what I mean. I am confident that at the end of a meeting, such as a year-end review, not everything was heard properly. I make it a habit of following up with a confirming note.

Q: What would you do differently as a manager today?

In my first general manager assignment out of the country ("I'm here from headquarters and I'm here to help!") I came with a troubling combination of ego and naiveté. I thought all the wisdom and direction had to come from me. I tried to do it all myself and I didn't engage the resources of other people to help. Now, as I watch others I am able to say, "I've done what you're doing." There is a huge gap in moving from success as an individual contributor to that of manager.

Q: What about mentors?

There have been people who at the right time have shared their wisdom with me. But one of my early mentors was a captain in the Army. I was posted on the East Coast as the Vietnam War was winding down, and complained that I was wasting my time. My friends were in grad school, or making money. He said, "The Army can't waste your time. You can. You have the opportunity of a lifetime to learn to manage others. If you decide not to, you've wasted your time." I decided to learn everything I could and volunteer for tough projects.

Q: What would you recommend to other leaders?

Listen and challenge. We need constructive challenges. We need to probe to the depth of understanding on issues. We have to find the bottom of our knowledge and decide whether to go forward with incomplete information. We all have to do this. But we have to understand the risk of lack of knowledge. Challenging ideas and plans have to be a part of the culture. We need manage effectively and not be afraid to experiment, to be wrong. And to find anything good in a process and make it work.

Q: How is Invacare going to double revenues by 2005?

The 80s saw massive health care funding beginning to go into home care. We were at the right place at the right time. Then in the 90s, we saw the ratcheting down of reimbursement rates. However, our continually improving operational savings showed increased profits. But, now we must change the organizational psyche from operational savings to: "How can we grow creatively?" The market will see more creative product introductions from us. And we are looking aggressively at acquisitions.

Q: How is this economy affecting Invacare?

This is a very stable industry; somewhat insulated from economic downturn. Medical expenditures are less discretionary. We have been fortunate and our stock has done well, though that's not the case with all our competitors. We are well received in the financial community, because we execute well. We can make money and we can make a difference in people lives!

A Colleague Comments . . .

Now What?

Jennings Lambeth
Vice President and Managing Director,
Materials, Latin America, Avery Dennison.

I am writing this as I am flying to Washington having just attended an international trade show in Brussels. The attendance at the trade show was light for the obvious reason of the tragic events of September 11. Few Americans were there, the atmosphere subdued.

The question which many people are asking and which is being debated in the press is "where do we go from here?" and what does this mean for the process of globalization.

In the early 90's, the government of the United States followed a policy of targeting key developing markets with the objective of significantly increasing exports and economic activity. These markets were referred to as the ten big emerging markets (BEM's). The BEM's are Argentina, Brazil, China, India, Indonesia, Mexico, Poland, Russia, South Korea, and Turkey. Now and for various reasons, many of these markets are in trouble with economic chaos. The easy conclusion to make is that there is no way out of the difficulties as the United States reacts to the terrorists and withdraws to solve its own problems.

My view from outside the United States is that the process of globalization will intensify as opposed to weakening. The linkages which have been established go far beyond the cross-cultural ties of music, blue jeans, sneakers, movies, and the Internet. The huge amount of foreign direct investment in the developing markets cannot be ignored. Companies are learning how to deal in a global market and they are building global organizations to manage it.

This does not mean that there are no risks...quite the contrary, the volatility will continue for some time. However, the coalition which is being formed by the United States to fight terrorism brings the government back to center stage where it belongs and establishes a common unified agenda. This in turn translates to a continued support for those economies which need it and creates a platform of relative stability in which investments can be made.

The trend will definitely be towards increased economic ties with local trading blocks such as Asean (Asia), Mercosur and G3 (Latin America), and the expansion of Nafta.

Avery Dennison is a global leader in pressure-sensitive technology and innovative self-adhesive solutions for consumer products and label materials. The company had 2000 sales of \$3.9 billion and operates 200 manufacturing and sales facilities in 39 countries.



The Emperor's New Clothes

Continued from page 2

How and why is the shield created?

"I think an executive's title, as well as the size and location of his (her) office can be intimidating. These factors can create a barrier to open and honest communication." (CFO, Mfg.)

"It's difficult to know everyone in a large organization. So I believe the lack of knowledge regarding the individual with whom they meet can create a distance between the CEO and the individual." (HR Mgr., Mfg.)

"Not appearing to have a genuine concern about employees." (VP, IT, Services)

"I think my direct reports are the individuals shielding me." (CEO, Mfg.)

"I believe CEO's shield themselves because they feel a lack of competence in a particular area and rather than deal with it they hide it. It's as though they create a barrier so they won't get found out." (Dir., Eng.)

What do you do to contribute to the shield?

"I'm caught in the middle. Although I have bad news to share upward, I'm tired of getting blasted when I deliver the negative information." (VP, Retail)

"The values of the organization don't align with my own personal values so I'm not sure what to share or when to agree or disagree." (Dir. Mfg.)

"Our roles are not well defined and we're unsure as to how much information we should share and how much we should just keep and deal with the problem." (Mgr., Mfg.)

"They truly don't listen to me so I've stopped giving information. Why bother?" (HR, Mfg.)

"The CEO is on a need to know basis and there are some things he just doesn't need to know." (VP, IT)

"The CEO is so brilliant that he can't communicate with the lower levels." (VP, Service)

"Shielded CEO's open themselves up by holding meetings where employees are supposed to be able to ask any questions they want when in fact the questions are screened and selected ahead of time." (Mgr., Mfg.)

"They are shielded because as individuals move into top positions they simply repeat the bad habits of the leadership before. The culture that created the shield in the previous executive gets passed along to the new guy." (VP, Mfg.)

How do you eliminate the shield?

Jack Harley, Founder & President of JW Harley, Inc., sums up the suggestions received regarding ways to keep from shielding yourself from others.

- Think about and actively work on your role and relationships with others.
- Create ways to make yourself truly available.
- Don't "shoot the messenger."
- Change your title to something more inviting. (Another executive changed his title to "Remover of Obstacles.")
- Put someone you trust in the role of telling you things that others are uncomfortable telling you about.
- Be more open when in one-on-one situations.
- Know your employees.

JW Harley, Inc. is a developer of on-line monitoring systems for transformers & circuit breakers for the utility industry. Jack sold his company to General Electric in 1999.

Achieving Strategic Clarity

In this age of information, achieving strategic clarity within an entire organization is no easy task. Even a well written, action-oriented mission statement will not move people in the desired direction unless it is conveyed expertly and within the realm of the organization's particular communication landscape. Leaders must concern themselves with whether or not the message will be received - not just how the message will be perceived. They need to carefully consider the array of fragmented and diverse audiences; the clutter of messages already out there; the speed at which the communication moves; and the international scope that crosses cultures. Understanding your communication landscape is a must in order to achieve strategic clarity throughout your organization.

"When no-one sees the big picture, no-one can improve it."

— Jonar C. Nader,

Go Ahead, Waste Your Power! – Don't Tell!

How is it that senior executives are reluctant to give their employees critical information needed to do their jobs? Of course, you are concerned about company secrets getting out to competitors, or you believe that your chain of command has kept people informed. Did it?

So what happens? Employees guess. They constantly guess about what is going on, they spend hours talking to each other, not focusing on the critical work of the organization. They speculate with anyone who will listen, inside or outside the company.

And a bigger problem: they spend time working on projects that have little to do with carrying the organization forward, believing they are doing exactly what is needed in the corporation. These projects eat up valuable time, money and focus.

"Nothing is more terrible than activity without insight"
— Thomas Carlyle

Most employees want enough information to do their jobs well. After that, they are pleased to get more, but it is less critical. This lack of information is an endlessly interesting, time consuming problem to be solved and of enormous concern because one's own future may be affected.

We believe that the real reasons senior executives don't provide information are:

- They are uncomfortable with the process,
- They don't know how to present information in a way they are sure the employees will understand and/or,
- It's easier to avoid situations where they might be challenged.

The CEO Needs Practice!

Tiger Woods knows if he practices, practices and practices some more, he will perform well. The results with Tiger are obvious. And the message of solid preparation is clear. But in the busy schedule of every senior executive, getting time for practice seems impossible. However, much of that busy schedule is absorbed with dowsing fires usually caused by lack of information or misinformation. The logical next step is to provide better and more information to employees up front. Get control of wasted time and efforts and focus employees on critical goals!

- A. Schedule a regular update session with employees.
- B. Write a script of just three directives important to your company's success and have your senior team critique it and develop possible questions.
- C. Practice the final script several times until you are comfortable and can easily answer any questions. (get help, if needed!)
- D. Conduct an open session for interested employees.
- E. Repeat once a month.

Once employees realize they can get straight information from you, they will, in time, quit spending valuable time speculating. They'll know.

About Lee

Lee Nielsen is Principal of The Nielsen Group, a business consulting firm. Lee has over twenty-five years of executive management at American Greetings, OfficeMax, The Glidden Company, and as CEO of an entrepreneurial medical products company.

Lee has extensive experience in strategically aligning and implementing people resources with company goals to build sustainable organizations in a variety of environments: manufacturing, retail and service industries in companies ranging from 5 to 40,000 employees. Examples:

- Revised organizational structure to support business turnaround.
- Reduced payroll costs by more \$1,000,000 with no loss of head count.
- Developed retention process for highest performers during an economic upheaval.
- Implemented national customer services initiatives.

Although Lee holds a BS in psychology from Webster U. and an MBA from Northwestern, she is a life long student of human behavior, particularly motivation.....how to focus true talents on the toughest problems to create the greatest gains for all.

About Laverne

Laverne L. Wilson is president of Laverne Wilson & Associates, a Cleveland-based communication consulting firm. Through seminars and one-on-one coaching, Laverne helps individuals achieve greater results by learning how to:

- better organize thoughts and ideas
- deliver messages more dynamically
- persuade more effectively
- listen more accurately, and
- understand cultural differences.

Organizations that have benefited from the services of Laverne Wilson & Associates include:

<i>American Greetings</i>	<i>ICI Dulux Paints</i>	<i>National City Bank</i>
<i>Avery Dennison</i>	<i>KeyCorp</i>	<i>Office Max</i>
<i>First Energy</i>	<i>Kent State University</i>	<i>Omega Protrusions</i>
<i>Ford Motor Co.</i>	<i>Metro Media Technologies</i>	<i>R. W. Screw</i>
<i>Guest Informant</i>	<i>MOEN, Inc.</i>	<i>TRW</i>

Laverne obtained her B. A. in Mass Media Communications from the University of Akron and has completed graduate course work in Rhetoric and Communication at Kent State University. Laverne has also studied and presented in Canada, England, Poland and Sweden.

- The Savvy CEO Speaks: Gerald Blouch, COO, Invacare
- A Colleague Comments: "Now What?" - Jennings Lambeth Avery Dennison, Latin American
- Consider This: Interruptions!
- Emperor's New Clothes.
- Go Ahead, Waste Your Power!

In this issue...

The Savvy CEO
extraordinary managers
16211 Tulip Lane
Walton Hills, OH 44146

Leaders Respond to National Crisis

Continued from page 1

"Ensuring the safety of our employees will lead to ensuring the success of our business."

— Doug Stelzer, Treasurer & CFO
Austin Powder Company, Cleveland, OH

We all felt dislocated; employee productivity levels went down. There was an emotional response magnified throughout the entire pipeline to the end user. The first few hours after the attacks were difficult. We had a responsibility to lead the business and be sensitive to our people. Remembering our shareholders, we had to balance sensitivity with pragmatism. We looked at off shore imports, air strategy, advising customers, shipping strategies as the systems backed up. We created 'hit teams' to assess our vendors ability to supply us. We do the best job in the industry of Just In Time manufacturing, lean manufacturing, but if one component is unavailable, it can shut our plants. We created action plans for immediate and ongoing needs as the recovery began. It was constructive to come to grips with the situation, to take stock. We all felt energized by planning the recovery.

Also, we created a structure to help our people who wanted to do something. We tried to create logical ways for peo-

ple to participate in the recovery and to deal with their pent up energy and the need for catharsis. Our teams reacted brilliantly.

— Gerald Blouch, President & COO,
Invacare Corp., Elyria, OH

"Faced with adversity, the CEOs greatest contribution is to focus beyond the immediate and the obvious, and to act on its potential ultimate implications for the business."

— Graham Lloyd, CEO,
Convergent Label Technologies, Tampa, FL

We'd like to hear from you...

On September 11, 2001, our world was knocked sideways. What are you doing to manage the lasting impacts of our national tragedy to your business and your employees?

Please tell us: Call or e-mail Lee or Laverne with your thoughts.

Laverne Wilson
Ph: 440.777.0155
lwilson@thesavvyceo.org

Lee Nielsen
Ph: 440.786.8800
lnielsen@thesavvyceo.org