Chapter 6

Organizational Decision-Making

"That's it…I'm announcing my decision tomorrow!", Adrian exclaimed, taking a first sip of his favorite *Affligem* beer. "My patience has been exhausted by this management team. How many times do we need to review the issues? They're driving me crazy! How many times do we need to go over the options and risks again? I've had it! From now on it's my way or the highway. I can't run a company like this!" Adrian slammed his fist down on the café table to emphasize his point, making Margaret smile even more. "Oh, calm down Adrian," Margaret laughed, picking up her glass of *Leffe Blond*. "Here's to patience!" she toasted, knocking the rim of her glass against his.

Just six months earlier, Adrian had been headhunted as new CEO of this European fast-moving consumer goods company, with the assignment to steer it away from impending bankruptcy and set it on a path to renewed profitability. The investors that had recently purchased the company were keen to get Adrian on board, as he had a strong track record in corporate turnarounds and a reputation for hardnosed reorganizations. They knew that the company had been loss-making for years and that two previous owners and three previous CEOs had all failed to stem the bleeding, let alone chart a route to future health.

In his first 100 days, Adrian had taken the two key measures that had served him well before. First, he interviewed the top 20 managers to better understand the challenges faced by the company and to get a picture of the mindset of his senior people. Based on these interviews, he asked eight managers to leave, opening positions for additional outsiders to come in. He was particularly eager to make sure that his core 'change team' were with him, so he asked his old colleagues Margaret, Josef and Andy to become HR director, CFO and head of business development respectively. Second, he hired one of the top tier strategy consulting firms to come in and do a full strategy review. After three months, they had delivered a thorough analysis of the company's ills and had outlined a number of strategic options open to the company to achieve renewed growth and profitability.

Much to his dismay, the consultants' report revealed that the company's situation was even worse than he had anticipated. Not only was the financial position shakier than he had been led to believe, but the company's business model was fast becoming obsolete, necessitating a major strategic overhaul. But what also surprised him was that this part of the fast-moving consumer goods industry worked totally differently than he was used to – customers behaved differently, distribution channels were different, competition played out differently, pricing was done differently. He was now running a business he didn't deeply understand and he needed to decide which strategic changes might work without having the industry experience on which to base his judgment.

At the same time, it became more and more clear to Adrian how thoroughly decentralized the company was. On paper it seemed like the firm was run from its London headquarters, but in reality the corporate center was little more than a central book-keeping department, with most decision-making power in the eight country units. These units were earlier acquisitions that had never been integrated into one firm and kept on doing things in their own way, while behaving highly defensively towards head office and towards each other.

It was apparent to Adrian that it would be difficult to impose any strategic renewal plan top-down. Not only did he not understand the business well enough to draw conclusions about all eight country units, but he needed to have the active buy-in of the eight 'Regional Management Teams' to get real change to happen. Therefore, Adrian formed the European Management Team, consisting of the eight country unit managers, Margret, Josef, Andy and himself. It was with this management team that Adrian was intent on drawing up a joint strategic renewal plan in his second 100 days, after which he anticipated to quickly move to implementation, so the first results would be visible within his first year as CEO.

But the decision-making process had been agonizing slow, with the country managers seeing problems and risks everywhere, and each wanting to go off in different directions. Now, at the end of the second 100 days, Adrian felt they had gotten nowhere, while precious time was ticking away and the investors were getting restless. Yet, in Margaret's view they had made enormous progress towards mutual understanding and shaping a shared vision for the future. "Are you sure, Margaret, that we should remain patient and build towards a consensus?", Adrian asked as he finished his beer. "Or is this the moment to break the gridlock and push through what must be done?"