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Leadership and Strategy: Building a Better CEO

Two manufacturing veterans see plenty of room for improvement in industry CEOs.

Steve Minter | IndustryWeek



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"We need to improve the quality of CEOs," Amter asserts. "The majority of CEOs are average, with a large number mediocre. I think that is the greatest driving factor for us not having a stronger manufacturing environment."



Paul Golden

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Ask Robert Amter what the greatest challenge facing U.S. manufacturing is and he doesn't cite unfair Chinese competition or Obamacare.

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After 15 years as a division president at Emerson Electric Co. (IW 500/51), Amter went on to 20 years working as a turnaround CEO at a dozen companies, including Evenflo and Ladish. In those assignments, he found that CEOs often failed to appreciate the complexity of manufacturing operations and lacked sufficient strategic focus.

"These are not bad people," he says. "They desperately want to do a very good job, but they don't know how to do it."

After working for Westinghouse Electric, Danaher Corp. (IW 500/71) and Wabtec Corp. (IW 500/363), Paul Golden entered the world of private equity. In his most recent venture, Schilling Ventures LLC, he is working on acquiring a portfolio of companies and positioning them for sustainable growth. He is an ardent proponent of what he calls the "lean enterprise culture."

Last year, says Golden, his firm looked at slightly under 2,000 potential deals and took a serious look at 70 companies, ranging in size from \$15 million to \$450 million.

"None had a real inkling of what lean is," he says. "It is very rare that we see lean beyond a couple of cells, a couple kanban efforts and maybe some 5S." Making a commitment to lean, he notes, is "a major cultural change" and "without the CEO committed, it is never

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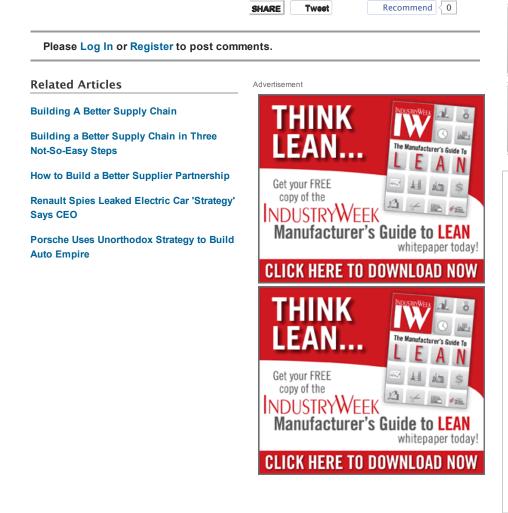
going to get off the ground."

Golden says he looks to acquire firms that have a "good brand in their industries" and some form of "defensible technology." What they often lack, he says, is a clear strategy.

"Folks are trying to be something for everyone," he observes. "There is not enough focus, not enough segmentation of their markets." The current owner is a "super engineer," he adds, but "hasn't understood or been able to get their head around how to market the product."

Amter, who is writing a book on leadership, lists some of the qualities he says are needed for CEOs to flourish in a tough competitive environment:

- 1. **Start in the bowels of the company**. Understand the different functions and components of manufacturing and how they fit together.
- 2. **Be hands-on**. CEOs "know about 10% of what goes on in an operating company," says Amter. He says CEOs need to build relationships with employees, customers and suppliers.
- 3. **Constantly stress cross-functional communication**. "The most essential quality for a CEO is that he is not a silo manager," Amter says.
- 4. **Practice disciplined strategic focus**. CEOs should conduct a situational analysis, set a few priorities and map out tactical actions needed. "Strategic planning can be done with a pencil and paper," he says. "It doesn't have to be a 500-page Powerpoint presentation."
- 5. **Stay calm**. Don't overreact to negative developments, or employees will see you are intimidated, he says.
- 6. **Be steadfast in your resolution**. Be willing to change strategy or tactical actions based on facts, but don't cave on strategy due to pressures from subordinates or the board of directors.
- 7. Have high energy. Done right, the CEO's job is a demanding commitment.





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