EPISODE 16: ED COLEMAN – ADVICE ON LEADING A TURNAROUND

Ken White
From the College of William & Mary in Williamsburg, Virginia. This is Leadership & Business. The weekly podcast that brings you the latest and best thinking from today's business leaders from all across the world. We share the strategies, tactics, and information that can make you a more effective leader, communicator, and professional. I'm your host Ken White. Thanks for listening. Leading a turnaround it can be a wonderful, exciting opportunity. But like all leadership opportunities, it requires certain skills, a particular mindset, and the right strategy. Ed Coleman knows about turnarounds. A member of the board of directors at Lexmark International. He's an experienced and highly successful former CEO who has led three public companies through significant business model transformations and improvements. At the height of the 2008 financial crisis, Coleman became CEO of Unisys, and he turned the global information technology company around. Under his leadership there, the organization reduced debt and delivered six straight years of profits. Before that, he served as CEO at Gateway and CompuCom. And because of his years of success, he's recognized as a customer-centric leader who gets it done. In our podcast today, Coleman shares some very insightful advice about how to approach and lead a turnaround. Here's our conversation with the former CEO of Unisys, Gateway, and CompuCom, Ed Coleman.

Ken White
Well, Ed, thank you for being here. You just spoke to a number of undergraduate students here at William & Mary. It was an interesting conversation to listen to you and to the questions they had, and one of the things that I wanted to talk to you about was turnarounds. You've led some turnarounds very successfully, and what is it about a turnaround situation that attracts you?

Ed Coleman
Well, first of all, great to be with you, Ken. I appreciate the opportunity. Turnarounds are exciting, they're exhilarating they're also nerve-racking, but I think the thing that is most interesting about the turnaround is, typically, there's some strategic issues to deal with. There's operational issues to deal with and cultural issues to deal with, and the opportunity as a manager or as a leader to be engaged in working on all three of those at the same time on a high wire is pretty exhilarating.

Ken White
Yeah. Do you have to have a specific skill set? Do you think in order to be successful in a turnaround situation versus leading an organization that's fairly stable?

Ed Coleman
I don't know if it's a particular skill set. I think you have to have a particular attitude that you can make something happen, that this is not unsolvable that we can, in fact, recover and complete the turnaround.

Ken White
Yeah, you talked once before I saw it. It's actually one of your talks is on YouTube, and you talked about scale, scope, and structure and the importance of those three in a turnaround. What do you mean by scale?

Ed Coleman
What I mean by scale is just how large is the business versus scope. What I'm talking about scope is how diversified and distributed the business is. So I could have a very big business over lots and lots of different areas geographically and product lines, or I could have a small business. It's also a small amount of revenue spread across a lot of geography and a lot of different products and services, and that would require a different kind of structure than a larger business.

Ken White
Sure. And so, how do you balance the three? The scale, the scope, the structure is one more important than the other. How do you deal with that?

Ed Coleman
Well, I think what you're trying to do is just get them in balance. If you have a again, I was in one situation where I felt that we were doing too many things in too many places without enough revenue to support it without enough scale to support all that, and yet we had structure in place as if we had a lot of scale. And what happens in that environment is that your cost is way out of whack with your business opportunity.

Ken White
Right. How important is a fresh set of eyes to lead a turnaround?

Ed Coleman
I think it's awfully important. To me, one of the advantages of coming in from the outside is you don't know the history. You don't know all the details. And all the reasons why things have been done or not done. And you have a chance to look at the business really top-down and with an external set of eyes and look at it sort of holistically and

decide what you think your impressions of the business are. And you look at the financials and see what seems to be in whack and out of whack, and you can begin to formulate some impressions about what the issues might be before getting pulled down into the details by the team that's in place.

Ken White
So you're doing that yourself. How much time would you recommend spending with the former leader in that situation?

Ed Coleman
Yeah, I think it's nice to make the connection. I think it's nice to maybe get a briefing as to what the former leader thinks the situation is upon his or her departure and your entry into it. But beyond that, I think you want to avoid learning too much from the former leadership. I think you really want the opportunity to look at it yourself. Form your own opinions.

Ken White
What about the team? The current team. How much do you communicate with them when you're coming into a turnaround?

Ed Coleman
I think a lot, and because you want to certainly get to know them as people, you want to understand where their heads are at in terms of the potential of the business, whether they're up for the turnaround or not, and what it's going to take. Are they enthusiastic about change, or are they going to be resistant to change? But again, I think you're looking at the individuals and the members of the team to try and understand where they are attitudinally more so than getting pulled down into the details of the business too quickly.

Ken White
That attitude then ties to you as the leader to you the way you communicate. What advice do you have for someone coming into a turnaround and having to communicate with the team, whether it's a team of five or 5,000?

Ed Coleman
Well, I think it starts with aspiration. I think you want to come into a turnaround with some idea of what you aspire this business to be. What is your vision for the business? What do you think we can be and be able to communicate that pretty clearly and then how you're going to get there? I think you want to be a few simple statements that you repeat over and over again. I really believe consistency in message across all the

stakeholder groups is really important. You want to be able to tell the same story to customers, to shareholders, to employees. Keep it simple and keep it consistent.

Ken White
One of our first guests was Dave Cote from Honeywell, and it's one of the things he said he's, you know, the nice thing is when you're inside story is the same as your outside story.

Ed Coleman
Life is easier.

Ken White
The consistency, right? Yeah absolutely having sort of a battle cry so to speak. What about goal setting? I've been in a turnaround situation. You get so fired up. You see these goals and say we can do it. We can do it. How do you set realistic goals?

Ed Coleman
I think that's a great great question because I think you can overreach. You want to have aggressive enough goals that even if you come up a little bit short, you still improved your hand, and you've improved the business. But again, you want to have an aspiration for what the company can be, but you want to be able to reward success along the way towards that aspiration. So I think particularly early on, you want to have very achievable goals that people can see that they are making progress, but they're being recognized and rewarded for their progress.

Ken White
Now you've dealt with boards, you've dealt with influencers they may not be as willing to get there slowly. They may have goals that are a little well high and pretty high up there that may not be achievable, say in a couple of years. How do you interact with, say, the board in that kind of a situation?

Ed Coleman
I think there is always a push and pull on that. And I think you try to explain your position, explain why you're doing what you're doing, why you're suggesting that objectives and compensations plans should be set the way they're set, and you have a push and pull on that, and eventually, I think, and generally, I think you end up in a good place.

Ken White
I talked to a colleague who new leader, and he said one and. I asked him he had been two years on the job, and I said what? There's been a couple of good things you did, and

the other question was, did you make any major mistakes? And he said one of the major mistakes I made as I got in there and I actually fired a few people quickly, and here it is two years later, and I am kicking myself for doing that. It was a bit of a reaction. How do you do that when you walk in, and you're looking at a team, and you think I don't, I don't think he can do it. I'm not so sure she's in the right spot. How do you deal with that?

Ed Coleman

Well, I think again it's all individual and case dependent, but you know, I think some people come into a turnaround and say, gosh, I need to. If this team was any good, the company wouldn't be in the position it's in, and so I'm going to do a complete refresh and bring in my own team. Other people and I would put myself in this other category. I think one is pause long enough to understand. Are they positive contributors to the business? Do they have the right attitude in terms of the ability to accept changes? Can you get them to share your aspiration for the business? Do they buy into the strategy, and will they, in fact, execute with passion and willpower that strategy. If they can do all that and know the business and you don't. Boy, I'd keep them, but if you begin to question whether or not they're just giving you lip service to the need for change, then I think you have to really think about changing.

Ken White

But there will probably be some selling in the process, right? They'll be good people on board but still, need to be persuaded and be challenged and invited to join the team. How do you deal with them?

Ed Coleman

Honestly, most of the situations I've been involved in, the management team has felt the need for change, and they've been waiting for the change and looking forward to the change. So in some cases, that incumbent becomes your best ally. A lot of cases, I think people know what needs to be done. They just haven't been allowed to do it so that fresh set of eyes sometimes can unshackle them to do what they always wanted to do anyway.

Ken White

What do you see as the top, say, two or three challenges when you're coming into a turnaround situation? You've got some experience there. What are the hurdles?

Ed Coleman

Well, one hurdle can be winning back customer confidence right. So not only are you communicating inside the company to your team and getting buy-in around the aspiration and the strategy, but you also have to be able to communicate to the customers why they should stick with you. Why this is going to get better, why we are

changing, why we're going to be in a position to support their needs today and in the future. So a lot of it is managing to that stakeholder as well. So that's a big challenge. Second big challenge, I think, is you have to make some tough decisions in terms of cost structures oftentimes. If your structure is way out of whack with your scale and your scope, you're going to have to do some pretty extensive cost-cutting. So at the same time that you're trying to get people to embrace your strategy and welcome the change and support the change, the same time you have people knowing that their jobs are at risk and being able to work through that through the organization and keep people supportive of the change even knowing that it may put their jobs at risk is a tough, tough challenge.

Ken White
That's a heck of a challenge. Right. How do you deal with that? I mean, you may not be here, but I need you to buy in.

Ed Coleman
Be honest. I think you know this is one of those things where it really is about trust, and you have to engage with people at an individual level, small group level, big group level and show them that you're being honest with them. That you're not trying to hide anything, but this is what we need to do. I need your support to get there, and I think you also have to kind of, you know, walk the talk. You have to be willing to sacrifice a little bit some of maybe your executive perks. You sacrifice those so people can see visually that you're cutting back to.

Ken White
Leading by example.

Ed Coleman
Yeah.

Ken White
Customers, you mentioned that. That's interesting. So you're working on the team trying to get there. You're not really there, but you can't lose the customers at the same time. What are you saying to the customers? They've seen business or least service perhaps go down a little bit. Why should I believe you, the new guy? What is it that you're bringing to the table that makes me want to stick around and continue to do business with you when your plan hasn't really been put into place yet?

Ed Coleman
Well, that's why your plan has to get put in place pretty quickly. You can't study this thing forever. So I think you have to be able to tell the customers this is what we're

going to do. And I can give you some examples of what we've already done in support of that. And here are some milestones you're going to see over the next 60, 90, 120 six months, whatever days. But you need to be able to show a difference very quickly.

Ken White
So as soon as you're hitting it, you've got to put some sort of a plan in place soon after you arrive then.

Ed Coleman
Yeah. I don't think it necessarily has to be super detailed. It's just more of, you know, starting with here kind of big themes, and then you start filling in underneath those themes and acting on those and showing results as quickly as you can.

Ken White
Any advice to someone who has not led a turnaround before but may have an opportunity to do so they've been in a stable position? Here's this opportunity we have. We're interested in you. What kind of advice would you share with them?

Ed Coleman
Well, first of all, I'd say embrace it. You know, get ready for, you know, some exhilaration. Get ready for some exhaustion. Get ready for some sleepless nights. Keep in mind the fact that it's not going to show a result, either positive or negative, in one day. Some days you'll have good days, you will have some bad days, never as good as it seems, never as bad as it seems but stay the course, have that aspiration, have that plan, work that plan hard, demonstrate a lot of willpower lead by example communicate with your troops and your teams and your customers as much as you possibly can and stay excited about it.

Ken White
And believe it.

Ed Coleman
And believe it.

Ken White
Yeah.

Ed Coleman
Absolutely. Because people will believe that it can be done if you believe it.

Ken White

That's our conversation with Ed Coleman, former CEO of Unisys, Gateway, and CompuCom, on leading a turnaround. And that's our podcast for this week. Leadership & Business is brought to you by the Center for Corporate Education at the College of William & Mary's Raymond A. Mason School of Business. The Center for Corporate Education can help you and your organization by designing and delivering a customized leadership development program that specifically fits your needs. If you're interested in learning more about the opportunities at the Center for Corporate Education, check out our website at wmleadership.com. That's wmleadership.com. Thanks to our guest this week, Ed Coleman, and thanks to you for joining us. I'm Ken White. Until next time have a safe, happy, and productive week.