

Special Edition

What Constitutes a Good CEO? Part 1

I am consistently asked by customers, what constitutes a good CEO?

- What are the components of a good CEO?
- How do you find such an individual?
- How do you know that when you hire someone to run an operating division or a company, they're going to succeed?

The answer is actually very simple; success in the marketplace is increasingly linked to an organization's ability to manage and leverage its intellectual capital – the intangible and often invisible assets such as knowledge and confidence of its people, intellectual property and information systems that don't show up (directly) on the bottom line but are more valuable than financial assets.

Successful trucking companies are those who do the best jobs of:

- Capturing.
- Storing, and;
- Leveraging what their employees know.

I've stated on several occasions that a trucking company is like a tree; there is a part that is visible – the fruit – and the part that is hidden – the roots. If you concentrate only on the fruit and ignore the roots, the tree will eventually die. For a tree to grow and continue to produce fruit, we must make sure that the roots are nourished.

The same is true for a company. If you concentrate only on the financial performance and ignore the hidden values, your company will not endure over the long term.

Recently, I did a survey of some of the most successfully operated trucking companies and the CEO's behind those companies. One individual in particular, that I've known for 15 years, stated the following;

- "Our key to success has been simple, unlike many others, we do not let the day to day road blocks (ie; recessions, fuel price hikes, equipment cost increases, painful government regulation, driver shortages, etc.) become excuses for "slippage". There are always solutions!"
- By the way, this Chief Executive's operating performance is still (substantially) in the black, in a very difficult marketplace.

If you are the owner of a trucking company and you want your company to grow and prosper so that it will continue to create shareholder value, you must be the solution, and not the problem, for the business. Too many times, owners of trucking companies;

- Micromanage.
- They don't believe in the value of intellectual capital, and/or;

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- They don't compensate their management properly.

Intellectual capital is as important as financial capital in providing an accurate picture of a company's net worth. It's your responsibility, as an owner of a trucking/logistics company to eliminate any "sacred cows"; to make improvements that are required for success; if you want to move to the next level and create additional shareholder value.

I have to assume that, when you entered the trucking business, you entered the business to make money. As we all know, this year has been a very challenging year for our industry. Many trucking/logistics companies;

- Are underperforming.
- Operating in the red, and;
- They can't service their debt.

On the other hand, some companies continue to make money even in a difficult environment. In other words, there is always a solution if you don't allow "slippage".

Businesses have only two kinds of problems;

- a) Systems problems.
- b) People problems.

System problems are recognizable. They deal with fixed problems that have fixed solutions; therefore, systems problems are relatively easy to fix. **People problems are another matter.** In the next several articles, I will focus on fixing people problems. **Every employee must be a profit center.** If they are not adding value to your company, why are they there?

When I'm involved in my auditing practice, I force the owners of companies to take a hard look at their people, as well as themselves. Employees are either assets or liabilities, and who needs more liabilities? In reality, the difference between great employees and all others is not as great as people think. **The difference – leading executives and top producers consistently make more requests of others.**

As you take a hard look at your people, it's vitally important you take a hard look at yourself. Companies cannot grow with people problems. **Often, the biggest problem is the person at the top. We must, by necessity, start at the top.** If you're the President, Chief Executive Officer, General Manager, or head of your department, you must start with yourself. **There is always room to improve, but this requires change.**

What is leadership? A good friend of mine, Bob Peterson (deceased), stated; "leadership is the ability to get people to do what they don't want to do, and like it". In fact, the management and leadership guru, Peter Drucker said; **the essence of leadership is performance...the ultimate task of leadership is to create human energy and human vision...**raising performance, and building personality is the very essence of leadership.

Regardless of your beliefs, there is one thing that is certain; there is a huge leadership gap in the world at a time when leadership is needed the most.

As you review my newsletter over the next several weeks, it's important to understand the true basics of any business is its people. They can be your greatest asset or greatest liability. The people solutions begin at the top;

- You are the coach.
- You are the solution.

Remember what I stated previously; it's your job to make changes proactively not reactively.

Next week, I will discuss profit performance and what great leaders do to make money in difficult times.

QUOTE OF THE WEEK:

"Run when you can, walk when you have to, crawl if you must; just never give up"