ATTRIBUTES OF THE

TURNAROUND CEO IN SOUTH

AFRICA

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ABSTRACT

A high rate of turnaround failures is often blamed on leadership. This dissertation places the focus on the turnaround CEO in South Africa and determines the attributes of such an individual. This is a qualitative research project and the data has been sourced via in-depth interviews, conducted with business leaders who have had decades of experience at executive level.

The research showed that there is a list of 10 attributes that can be considered as the essential attributes of a turnaround CEO. In addition there are a plethora of attributes that can be seen as enhancing or distinguishing.

Within a South African context, distinguishing attributes are required in order to deal with issues mainly originating from historical inequalities. Some attributes relate to Black Economic Empowerment, labour legislation as well as an acute awareness of the history of the country and in particular how it has influenced the working environment post 1994 – including the possibility that we may, as a result, be cultivating soft managers. In addition people in SA are seen to be more open to change than other nationalities.

However, the research has shown that in a turnaround situation the "South Africa – specific" factors are considered to be extraneous and the skills required in dealing with them are not regarded as essential, but rather as distinguishing attributes that play a role once a business has been saved from closure and control has been reinstated.

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University.

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Peter van den Steen

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1. INTRODUCTION

1.1. CONTEXT OF STUDY

The author has dedicated the last 7 years developing markets for innovative technologies in the minerals processing industry. In order to achieve the aforementioned goals successfully it was necessary, on several occasions, to turn around distressed projects in order to create positive reference sites so that the market could be developed.

Much literature can be found on the topic of leadership, turnaround strategies and case studies on specific individuals or organisations and the overwhelming element of importance in successful turnarounds appears to be that of leadership. With the ever increasing popularity of private equity deals taking place in order to realise greater shareholder value (which qualify as turnarounds as well) it is important to understand the kind of individuals that are required to lead the operationalisation of these efforts in the business environment. Private Equity also appears to favour organisations that suffer from a firm-based decline rather than an industry-based decline or economic contraction. In such cases a specialist turnaround leader/CEO is called upon.

With the proposed research the author will delve deeper into the various elements of the turnaround CEOs attributes in South Africa. An attempt will be made to extract elements from interviews that will highlight factors relevant to the South African business environment.

In the current literature it is not uncommon to come across an entire paper generated out of one long in-depth interview of an individual such as Herb Kelleher (Gibson and Blackwell, 1999) or individuals such as Jack Welch and Lee Iacocca that have been the central topic of so many publications. These reveal a subjective point of view i.e. the view of just that one person. More objective information can be generated by getting a range of seasoned executives to talk about past events and about others that they may have chosen to lead a turnaround. The case with older and well-experienced executives is that they no longer feel the need to still prove a point or promote their own interests i.e. self-selection bias (Zikmund, 2003). The author suspects that the profile of a turnaround CEO could turn out to be very different from a non-turnaround CEO.

Personal observations in a Southern African business environment have shown that many organisations in the industry are in need of a turnaround and often are unaware of such need until it is too late – mainly due to their own complacency or hubris. Amazingly, whether it is a business unit within a company or a project within a business unit, it really does not matter; the pathologies within the specific cases seem to follow a similar pattern. Nadler and Tushman (1990) state that in strategic changes, however, the management process and structure itself is the subject of change; therefore, it cannot be relied upon to manage the change. In addition, the organisation's definition of effective leadership might also be changing as a consequence of the reorientation or the creation. This is particularly the case in turnarounds.

Effective turnaround management involves making holistic changes to strategies, structures and practices throughout the organisation (Harker and Sharma, 2000;

Kow, 2004). This may require the leadership of a particular type of individual and as a result it has become increasingly more important to understand what it is that the shareholders need to look for in a turnaround CEO. Harker and Sharma (2000) also state that, of all the turnaround themes, strong leadership has been found to be the most important factor cited for successful turnarounds.

Arogyaswamy, Barker and Yasai-Ardekani (1995) recommend turnaround leadership replacement when the decline is firm-based (Pandit, 2000), as opposed to an industry-based decline that is the result of factors outside of the firm. In the latter instance, it often makes sense to retain a more experienced leadership team and CEO in order to turn around the decline (often the case in cyclical businesses). There appears to be an agreement in the literature (Hofer, 1980; Arogyaswamy *et al*, 1995; Harker and Sharma, 2000; Pandit, 2000; Clapham *et al*, 2005) that CEO replacement has much to do with the success of a turnaround in the case of a firm-based decline.

The skills of the turnaround top management team should match the strategy i.e. a more entrepreneurial top management team is required for a high-growth strategic turnaround, as opposed to a hard-nosed cost-cutting strategy (Hofer, 1980). This would obviously have implications as to the attributes of a turnaround leader or CEO.

Barker and Barr (2000) found that firms, whose top managers attribute declined to internal sources as opposed to external sources are more likely to show greater levels of strategic reorientation in response to declining performance. In addition, they found that causal attributions are influenced by factors surrounding the

turnaround attempt, such as top management changes and firm size, and other firm factors, such as director turnover and financial slack, can directly spur strategic reorientation.

Gatti (2003), quotes Brenneman in 1998, the former chief executive officer at Continental Airlines, as saying that he had never seen the team that managed the company into a crisis get it back on track. Managers who got the company into a mess are usually mired in a puddle of over brained solutions. They do not see any way out and have many ways of saying that if the solutions had been simple, they would have already thought of them.

1.2.   RESEARCH AIM

Tager (2004), states that the attributes that employees need from a leader during times of stress and change (which would include a turnaround cycle in a firm) are flexibility, empathy and trustworthiness (as a compact set of critical skills). Tager (2004, p. 6) further states, "…good change leaders should a) have a vision, b) provide motivation, c) instil confidence, d) create direction, e) provide resources". Of course, it must be said that the point of view above reflects the opinions of the employees and not other stakeholders.

Other stakeholders such as the board members and shareholders may look for attributes that are not mentioned above. It is the aim of this research project to determine the attributes of the individual responsible for leading a turnaround process as a result of a firm-based decline and to identify any such factors that may

be unique in the South African context from the perspective of experienced, seasoned and respected business leaders in South Africa.

1.3.   SIGNIFICANCE OF STUDY

The statistics show that the incidence of turnaround situations is common and that those firms that end up in such situations more often proceed to fail rather than recover (Pandit, 2000). The rate of failure in turnaround attempts has been quoted to be from two in three to as bad as three in four (Harker and Sharma, 2000). The biggest turnaround pitfall, according to Gadiesh, Pace and Rogers (2003) is the failure to move far enough, fast enough, or thoroughly enough to save or turn around a business into a profitable and sustainable future.

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2. LITERATURE REVIEW

Little qualitative research in South Africa has been done on turnaround CEOs. This section covers the attributes of the turnaround CEO as found in the literature. Most of the literature sources deal with company turnaround, case studies, along with in-depth interviews of individuals who are the focus of the publication, or turnaround methodology. However, wherever applicable information related to the attributes of turnaround CEOs was extracted. The turnaround CEO, in the context of this study is a generic term that can be used interchangeably with phrases such as "turnaround leader" and "turnaround specialist".

2.1. THE CORPORATE LIFECYCLE

Mintzberg, H., Quinn, J. B. and Ghoshal, S. (1995) see the strategy process as a series of themes that change across the lifecycle of an organization as follows:

The entrepreneurial concept

The mature context

The diversified context

The professional context

The innovative context

The international context

The context of change

It is in this "context of change" - the declining part of an organisation's lifecycle, where changes are required to ensure sustainability or to prevent its demise, that the

turnaround CEO enters the picture. Mintzberg *et al* (1995) refer to the Crescendo Model of Rejuvenation by Baden-Fuller and Stopford (1987), which describes the four stages of rejuvenation in "the context of change" as:

1. Galvanise: create a top team dedicated to renewal.

2. Simplify: cut unnecessary and confusing complexity.

3. Build: develop new capabilities.

4. Leverage: maintain momentum and stretch the advantages.

It is in the first stage of creating a top team that the importance of a CEO is underlined and plays a vital and decisive role. The point is also being made that the effective CEOs do not act alone, and realise the importance of teams. The turnaround of an organisation is referred to as rejuvenation in the context of Mintzberg *et al* (1995).

Adizes, I. (1988) refers to the different stages in the corporate lifecycle from an interesting angle. He refers to the PAEI roles in the organisational lifecycle, where:

P = Performance.

A = Administration.

E = Entrepreneurship.

I = Integration.

Each one of the above roles has a different degree of emphasis at various stages in an organisation's lifecycle.

Figure 1. Organisational lifecycle and required leadership styles (Adizes, 1988)
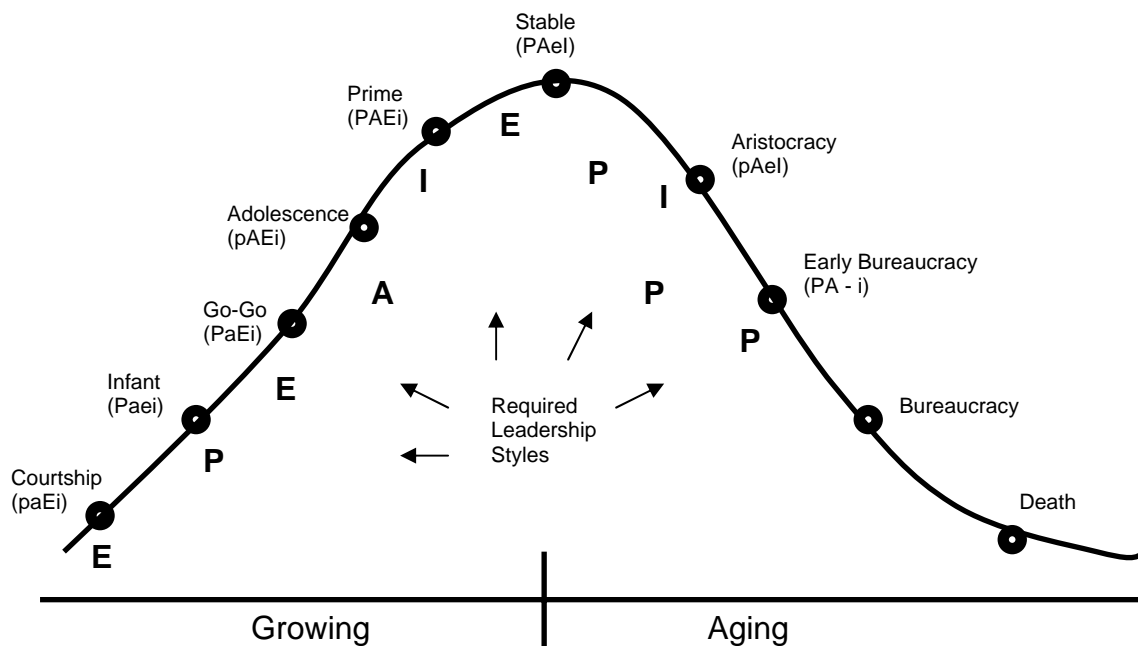
Adizes (1988) goes further to say that what ages an organisation (i.e. pathological instead of normal behaviour), is leadership, which is not functional to the organisation and where it is in its lifecycle – see Figure 1 above. An interesting trend from the figure above is that the kind of leadership required for an ageing organisation appears to be a mixture of leadership, focused mainly on **P**erformance and some **I**ntegration.

2.2. DEFINITIONS AND SUCCESS RATE

A corporate turnaround may be defined as the recovery of an organisation's economic performance following an existence-threatening decline (Pandit, 2000). A recovery in its most subdued form would merely constitute economic survival whilst, in its most positive form, the recovery may lead to the superior and sustainable competitive position of a firm (Pandit, 2000) and Harker and Sharma (2000) describe

a corporate turnaround as a process that takes a company from a situation of poor performance to a situation of good sustained performance.

Three studies since 1952, identified by Pandit (2000), indicate that between 10% and 33% of firms that suffer at least a 4 year decline in net income normalized by Gross National Product (GNP) actually recover or turn around (i.e. 4 years of increase in GNP normalised net income).

O'Kane (2005) in a comprehensive study of management styles of a newly appointed leader in a turnaround context, cites a study by Grinyer *et al* (1990) whereby it was concluded that the appointment of a new CEO, triggered turnaround activity in 55% of the cases studied. O'Kane (2005) further states that the argument is supported by the work of Mueller and Barker (1997), Bevan (2002), O'Neil (1986), Barker and Sharma (1999), Pearce and Robbins (1994), Stopfard and Baden-Fuller (1990) and Thietart (1988, as cited in Boyne, 2004).

2.3.   THE IMPORTANCE OF LEADERSHIP IN TURNAROUNDS

Although the literature agrees on the importance of the leadership element (Kanter, 2003; O'Kane, 2005), some authors state (Castrogiovanni, Baliga and Kidwell, 1992) that research on performance turnaround following CEO change has been limited and inconclusive. O'Kane cites Winn (1993) by stating that research on corporate turnaround offers results that are inconclusive and of little assistance to turnaround managers. Kanter (2003) argues that it is exactly in these turnaround situations where leadership matters most.

O'Kane (2005, p53) cites Grinyer and Spender (1979), Hofer (1980), Bibeault (1982), Grinyer, Mayes and McKiernan (1990), Stopfard and Baden-Fuller (1990), Pant (1991), Castrogiovanni, Baliga and Kidwell (1992), Kotter (1995) and Bennis (2004) as all dealing with the subject of turnaround leadership or making "reference to the need for a change in leadership to trigger or achieve a specific type of turnaround, studies which have examined the exact role or timing of this newly appointed leader within the turnaround context, have not been uncovered".

In turnaround situations, leadership becomes a very critical element of change management. Nadler and Tushman (1990) go further to say that turnarounds ("strategic change" and "re-orientations", Nadler and Tushman, 1990, p81) are frequently driven by new leadership, often brought in from outside the organisation.

Clapham, Schwenk and Caldwell (2005) site CEO replacement as a common but not essential element of successful turnaround. They state further that it is but one of the factors contributing to successful turnaround due to the fact that existing CEOs become entrenched in their own thinking as a result of being over committed to the firm. According to Collins (2001), 10 out of 11 successful CEO replacements come from within the organisation. The point that CEO replacement is often the chosen route that boards take when considering a turnaround is however clear in both sources.

There are many perceptions about which CEO attributes in a turnaround situation play the most important roles. This section brings to the reader's attention the various attributes of turnaround CEOs as they stand out from the literature.

As stated before Harker and Sharma (2000) identify strong leadership as the most important factor in a successful turnaround. Kotter (1995) talks about the failure of turnarounds because there are too many managers and not enough leaders - and thereby emphasising the importance of leadership, as opposed to management. Nadler and Tushman (1990) refer to the consistency in the literature by Pettigrew (1985), Kimberly and Quinn (1984) and Allaire and Firsirotu (1985) on one aspect of effective system-wide change - namely, executive leadership matters.   The executive is a critical actor in the drama of organisational change.

O'Kane (2005) underlines the fact that turnaround leaders, must have a viable strategy or vision as well as a cadre of key people to buy into the vision. Leaders are required to set direction, define the context, produce coherence, give meaning, manage boundaries, inspire voluntary behaviour and bring about passion, conviction and confidence in others involved in a changing organisation (O'Kane, 2005 - citing Kanter, 2000).

2.4.   GENERAL LEADERSHIP STYLE/BEHAVIOUR

It makes sense to investigate what makes a leader in the general business context. Collins (2001) in his book *Good to Great* talks about the different levels of leadership. Level 5 leaders (the best developed) channel their ego needs away from themselves and into the larger goal of building a great company. Their ambition is first and foremost for the institution/organization, not themselves and they build enduring greatness through a paradoxical blend of personal humility and professional will. Only a few leaders such as David Maxwell of Fannie Mae, Darwin Smith of Kimberly-Clark, and Colman Mockler of Gillette exemplify a key trait of Level 5 leaders: ambition for the company and concern for its success rather than

one's own personal fortune. They think not in terms of "I" but "We" and display humility, professional will, modesty, resolve and determination. Good to great leaders never want to be larger-than-life icons or heroes. They are ordinary people quietly working and producing extraordinary results (Collins, 2001). The question must then be asked how does Collins' profile of a leader apply and/or change in a turnaround situation?

Emotional intelligence is identified as one of the key traits of a leader according to Goleman (1998) and consists of the following five components:

- Self-awareness – the ability to recognize and understand your moods, emotions, and drives, as well as their effect on others.
- Self-regulation – the ability to control or redirect disruptive moods and the propensity to suspend judgement – to think before acting.
- Motivation – a passion to work for reasons that go beyond money or status and a propensity to pursue goals with energy and persistence.
- Empathy – the ability to understand the emotional makeup of other people and the skill in treating people according to their emotional reactions.
- Social skill – proficiency in managing relationships and building networks and an ability to find common ground and build rapport.

Please note again that Goleman (1998) focuses on the leader outside of a specific context such as a turnaround situation.

2.5. TURNAROUND LEADERSHIP STYLE/BEHAVIOUR

A well-developed Stage 4 change leader (turnaround leader), according to Miller (2002), actually does, consciously or unconsciously:

- Engender tremendous focus on particular changes.

- Delay implementation until the imperative changes are clearly understood and shared.

- Personally lead the implementation.

- Acts as if their own personal behaviour is critical to the change success.

- Understands that change is a contact sport

- Knows that implementation needs to be systematic and relentless.

Beer and Nohria (2000) developed two change leadership theories. The first, Theory E, focuses on economic value and is a very hard approach with financial rewards only. Change leadership Theory E makes use of many consultants. The second, Theory O, focuses on organisational capability and is a far softer approach whereby the rewards reinforce change but do not drive it. Consultants are used sparingly and typically, the CEOs loyalty and commitment to the employees prevents him from making tough decisions. Beer and Nohria (2000) go further to state that Theory E is too hard and Theory O is too soft and recommend that turnaround CEOs balance the two together, without creating chaos. Jack Welsh is quoted as one of the few CEOs that has managed to do this successfully. Turnaround CEOs usually do not survive turnaround efforts as they come across as inflexible and cannot live down the distrust that their ruthlessness has earnt them (Beer and Nohria, 2000).

Turnaround leaders should not be hesitant to use power or to remove people who are blocking progress - thus turnaround involves bloodshed (O'Kane, 2005; Muczyk *et al*, 1998 - as cited in O'Kane, 2005). They argue that turnaround is dependent on an autocratic and directive style of leadership. Goleman (1998) agrees that the coercive approach is deemed as the most effective style in times of crisis and corporate turnaround.

At the organisational level Kanter (2003) found similar pathologies where the fundamental dynamics of decline, and recovery from it, were remarkably similar across a wide variety of situations in banking, consumer products, retail, industrial products, software, education and media. Pathologies such as secrecy, blame, isolation, avoidance, passivity and feelings of helplessness – arise during a time of difficulty and reinforce each other so that a company enters a kind of death spiral. Reversing the downward trend requires deliberate efforts by the CEO to address each of the pathologies (Kanter, 2003), which requires certain skills.

2.6. TURNAROUND LEADERSHIP IN SOUTH AFRICA

Denton and Vloeberghs (2003) address the issues surrounding leadership challenges for organisations in the post-1994 South Africa. Munro (1997), as cited in Denton and Vloeberghs (2003), states that businesses in South Africa have major opportunities if they are prepared to ride the waves of change and that the re-entry into global markets, post-1994, means that South African organisations will once again be able to export their skills and products.

Roodt (1997), cited in Denton and Vloeberghs (2003), talks about a "them and us" culture, which delineates a predominantly white management minority from the general workforce which is a predominantly black and unskilled majority. This obviously brings into play issues surrounding affirmative action, and the reality of the Employment Equity Act, No 55 of 1998, and Black Economic Empowerment (BEE).

The current shift towards globalisation also plays an important role in the visions and strategies of all types of leadership. Globalisation therefore underlies many of the changes in the current concept of management and business functioning (Buckingham, 1997; Goodman, 1995 as cited in Denton and Vloeberghs, 2003). Globalisation has brought with it the elimination of borders and has introduced fierce competition.

2.7.   EDUCATION, EXPERIENCE AND AGE

The degree of formal education may be a distinguishing characteristic of the South African corporate turnaround CEO. Formal education has been associated with the cognitive ability and skills of individuals and their ability to process vast amounts of information and sort out various stimuli. Furthermore, from a sample of 47 CEOs, 3 (6.4%) held a secondary school education, 17 (36.2%) a university degree and 27 (57.4%) a post-graduate degree (Koufopoulos, 2002).

Older CEOs tend to be less flexible and more resistant to change. Younger CEOs tend to be more risk oriented, and have been associated with corporate growth, innovation strategies and thus more successful in turnaround strategies (Koufopoulos, 2002).

Outside of turnaround situations, Sonnenfeld (2002) states from his research that stretches over more than two decades, that age can often be an asset, and that companies such as Charles Schwab, Cisco, and Home Depot all have several board members well in excess of the age of 60.

Miller (2002) outlines a change in leadership framework whereby successful behaviours and executives depend on two building blocks. The first is their own personal level of change and adaptability - their in-built coping mechanisms during change. The second is the set of beliefs they hold about what makes change successful. These beliefs usually build up over a period of time, and through bitter experience i.e. failure is a great teacher. It appears that when considering all the above (Koufopoulos, 2002; Miller, 2002; Sonnenfeld, 2002), that there may be an age or level of experience, below which it would be unlikely for an individual to fulfil the role of a turnaround CEO. Similarly there my be an age and a level of experience above which it would be unlikely for an individual to fulfil the role of a turnaround CEO.

2.8. SKILLS AND TALENTS

According to Kow (2004), there are six interrelated elements of a successful turnaround.

Figure 2. Turnaround elements (Kow, 2004).
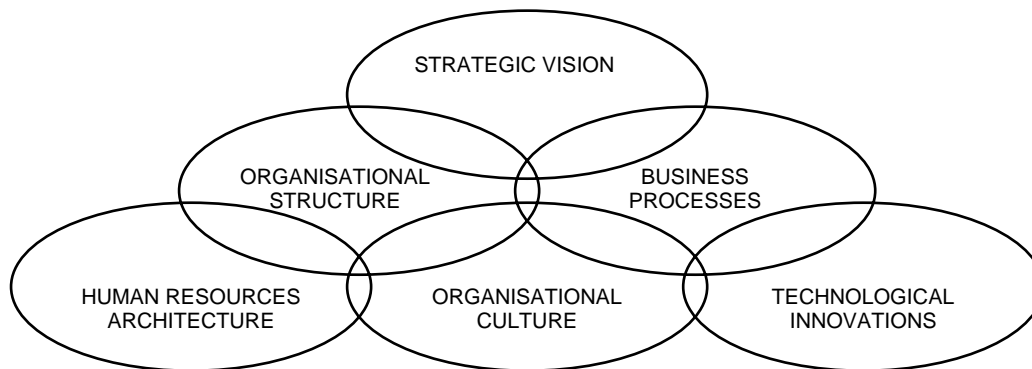
All the above elements continuously interact with each other, which implies that the process of turning around an underperforming firm can feel chaotic at times. (Kow, 2004). Performance behaviours will get worse before they get better so it must be understood that the gaps, misunderstandings and general information flow between the six elements need to be managed very carefully by making use of effective and regular communication. Successful turnaround leaders are acutely aware that problem solving requires collaboration across departments and divisions (Kanter, 2003).

Kow (2004) states that the turnaround CEO needs to take the board of the firm through the plan and that it is not a process of asking for permission (the fact that he is hired to turn around the firm is permission in itself), but rather an exercise of effective and highly necessary communication. This is intended to assist the board members with understanding the reasons for the various actions in the plan and to get their buy-in. This implies that the turnaround CEO must have well developed

skills of persuasion, which are used to create a receptive environment, which in turn promotes understanding, acceptance, and finally leads to action (Garvin and Roberto, 2005).

Turnarounds require strategic (weak strategic position to competitors) and/or operational (not efficient) changes (Barker and Duhaime, 1997). Turnaround attempts are ineffective when managers fail to successfully diagnose the real causes of the firm's decline and therefore they respond inappropriately (Barker and Duhaime, 1997). The successful turnaround often involves a metamorphosis that alters the firm's strategy, structure and ideology to fit and change with an evolving environment. Organisational inertia constrains strategic change and in turn promotes efficiency-oriented tactics related to cost cutting, lay-offs and tighter controls (Barker and Duhaime, 1997). The turnaround CEO therefore needs to be mindful of these factors when diagnosing problems and implementing corrective measures.

A key element that needs attention once a strategy has been formulated, is to align the firm's culture with the new strategy. This means that the cultural artefacts need to be managed accordingly by the turnaround CEO and his leadership team. These are sets of attributes – objects and behaviours – that include key values and norms, myths and sagas, language systems and metaphors, symbols, rituals and ceremonies as well as physical surroundings such as interior design and equipment (Higgins and McAllaster, 2004).

The turnaround CEO also needs to apply the element of individual consideration, which involves delegating projects to develop each follower's capabilities, paying attention to each person's needs, and treating them as individuals worthy of respect

(Harker and Sharma, 2000; Kanter, 2003). In addition, the turnaround CEO should create intellectual stimulation by offering new ideas to stimulate followers to rethink old ways of doing things, encouraging and inspiring followers to look at problems from multiple angles and fostering creative breakthroughs through their own initiatives (Harker and Sharma, 2000; Kanter, 2003).

Joyce (2004) identifies skills such as the ability to manage where the leader must pay attention to planning and controlling (i.e. management behaviour). They are not detached from their organization and they are in touch with everyday realities by paying attention to details and know how to handle resistance and conflict, whilst promoting dialogue (Joyce, 2004; Kanter, 2003). The ability to communicate simply and effectively by means of concise messages to the employees is important as people are going through a traumatic event and "there is no reason to be cute about it" according to Kevin Ryan, CEO of contact lens maker Wesley Jessen (Gadiesh, Pace and Rogers, 2003, p43).

Nadler and Tushman (1990) also state that leading large system change requires sustained attention to the myriad of details that make up organisational life. Through relatively unobtrusive acts and sustained attention to detail, managers can directly shape perceptions and culture in support of the change of heart. Some examples of mundane behaviour that when used together can have a great impact, are:

- calendar management
- asking questions and following up
- shaping of physical settings,
- public statements

- setting agendas of events and meetings

- use of events such as lunches, meetings, to push the change effort

- summarization – post-hoc interpretation of what occurred

- creating heroes

- use of humour, stories, and myths

- small symbolic actions, including rewards and punishments.

Gatti (2003) refers to Mackay (1999), Editorial (2000) and Maurer (2000) when describing turnaround specialists. These are typically individuals, who have considerable leadership skills, flexibility and the ability to listen and modify reviews, the ability and courage to make rapid decisions based on limited data and analysis, and the relevant experience of driving through change in difficult times.

Kotter (1995) makes it very clear that the change process goes through a series of phases that require a considerable amount of time. Skipping steps creates only the illusion of speed and never produces a satisfying result. So, although it may be necessary from time to time for a turnaround CEO to make rapid decisions, it is important to note that the overall turnaround process is usually expected to take a long time, and that skipping steps will result in change that is not sustainable (Kotter, 1995).

Gatti (2003) cites Schein (1992) by stating that a successful turnaround also implies a renewal of the organisations shared basic assumptions, i.e. the firm's culture. This means that the turnaround CEO must be mindful of the firm's culture and which changes may be required including processes of implementation.

Skillful turnaround CEOs lead fewer initiatives than their less skillful counterparts. They take steps to ensure that the organisation is focused on a simpler agenda (Miller, 2002). They also seem to focus as much if not more on the cost of failure, as opposed to benefits realisation. They delay implementation until the imperative change is clearly understood and shared - they spend time understanding the impact of the change on the organisation's business model. They personally lead the change implementation and take the change on as a personal crusade or mission. They relentlessly pursue the objective, pick the few critical things and act like a terrier with them all the time, everywhere (Miller, 2002). They act as if their own personal behaviour is critical for change success and the old adage "walk the talk" is forever true (Miller, 2002; Bertsch and Williams, 1994).

Turnaround CEOs understand that change is a contact sport and demonstrate their commitment through a particular cluster of behaviours such as ensuring harmony between public and private communications regarding the change. They work with other leaders and managers to build a network of leadership for the change; and are prepared to use rewards and sanctions to reinforce the change. They know implementation needs to be systematic and relentless (Miller, 2002).

2.9.   PERSONALITY AND CHARISMA

Molian, 2005, in research carried out at Cranfield School of Management among UK-based SME's over a period of three years concluded that there are some compelling links between aspects of a CEOs personality and financial performance. So, if Molian (2005) established the above in the context of the financial

performance of SME's could it be that the personality of a CEO, as one of many attributes, could have an influence on his or her effectiveness in a turnaround?

It has already been mentioned that some firms pursue inappropriate and inconsistent strategies based on the misunderstanding of the reasons for the decline (Barker and Duhaime, 1997; Castrogiovanni *et al*, 1992). Organisational identification is one form of psychological attachment that occurs when CEOs adopt the firms defining characteristics as defining characteristics for themselves. This has many benefits but there is a downside to it as well. The CEO can over commit to the firm and react defensively to negative information about the firm, engage in unethical behaviour on behalf of the firm and even attempt to suppress diversity of views. This is known as over-identification in which a CEOs uniqueness is diminished by their commitment to the firm (Clapham, Schwenk and Caldwell, 2005). A dominating CEO may influence the board to such an extent that they all start thinking alike (also called groupthink), thus overestimating the firm's strengths and underestimating the weaknesses (Clapham *et al*, 2005). This once again comes back to the turnaround CEOs ability to read the correct signs and symptoms in order to determine the real reasons for decline based on accurate perceptions of the environment so that the correct and appropriate plan of action can be instituted.

Harker and Sharma (2000) identified charisma as a key element that is necessary in transformational leadership. Six years later Agle, Sonnenfeld and Srinivasan (2006) do not rule out the fact that CEO charisma does not affect (note the double negative) the firm's performance within the context of environmental uncertainty and suggested future research in the area. Nadler and Tushman (1990) state that vision and/or charisma is not enough to sustain large system changes (it's necessary but

not sufficient) and that different kinds of organisational changes will require very different kinds of leadership behaviour in initiating, energising, and implementing the change. It also requires "substantial instrumental skills in building executive teams, roles, and systems in support of the change, as well as institutional skills in defusing leadership throughout the organisation" (Nadler and Tushman ,1990, p81). Effective change leadership, according to Graetz (2000), involves charismatic <u>and</u> instrumental roles, thereby integrating interpersonal skills with operational knowledge.

Charismatic CEOs have the ability to create strong identification among internal and external stakeholders (Fanelli and Misangyi, 2006), which in turn can only assist when the time comes for a CEO to sell the turnaround plans into the organisation, the board of directors and other stakeholders. However, CEOs, who pursue personal goals that are detrimental to the organisation and its stakeholders, may find that facts have a way of catching up with their charisma - so according to Fanelli and Misangyi (2006) there is a dark side to watch out for. A CEO is an organisation's most visible member and provides a face to an otherwise abstract social category.

Fanelli and Misangyi (2006, p1053) cite Gardner and Avolio (1998, p33) by quoting that charismatic behaviours and symbolism allow the CEO to create "meaning that inspires others to pursue their vision" or "…motivates subordinates to put forth effort beyond expectations…" (De Hoogh *et al* , 2004, p450 citing Bass, 1985; Burns, 1978; House, 1977).

When conditions are uncertain (for example during a turnaround) there is a stronger relationship between charismatic leadership and perceptual performance than under

the conditions of environmental certainty. Charismatic leadership is also more strongly related to organisational profitability for firm owners (such as the case of Herb Kelleher, co-founder, CEO, President and Chairman of Southwest Airlines (Gibson and Blackwell, 1999)) than for leaders or CEOs who do not own the firm (De Hoogh *et al*, 2004). A turnaround CEO is usually not the firm owner, although he or she may have a significant stake in the business and it must be noted that the story of Southwest Airlines is not one of a turnaround, but rather one focused on Kelleher's charismatic leadership style. Beer and Nohria (2000) also state that turnaround CEOs do not typically survive in their position after the turnaround has taken place. How important then is charisma really?

2.10. ADAPTIBILITY AND CHANGE BELIEFS

Miller (2002) observed hundreds of leaders during change, and it was noticed that a myriad beliefs were being manifested, but that nearly all of them could be categorised into one of four subcategories. Of these subcategories, stage 4 is a preferred set of beliefs, and it was found that leaders tend to gravitate to the style due to vast personal experience, and 'battle scars'. Miller (2000) mentions that failure is a great teacher. Thus, stage 1, 2 or 3 leadership change beliefs have to be experienced by a leader before reaching stage 4.

Stage 4 change beliefs are described as follows (Miller, 2002, p364): "leaders at this stage are concerned about people's ability to absorb the change as well as understanding that the people may not be willing, able or ready to change. People change planning will be an integral part of any implementation planning. Leaders will want to be involved in agreeing the plan and be willing to devote time and energy

to develop it". The underlying assumption is that "commitment must be built for successful change and power/sanctions are not likely to be effective. Implementation viability must take into account the level of personal change adaptability that people in the organisation have at that moment in time" (Miller, 2002, p364).

Table 1.   Top-line indicators of leadership adaptability (Miller, 2002)

Characteristic	Definition
Optimistic	Upbeat about the future. Learns from situations. Heads an optimistic view of the world. Does not allow problems to dampen enthusiasm.
Self-assured	High self-esteem. Confident about own abilities. Feels in control of events. Is self-assured and confident.
Innovative	Looks at problems in a fresh, unconstrained way. Challenges the status quo. Enjoys uncertainty and ambiguity.
Collaborative	Draws on others for practical or other support. Sees others as a resource to be called upon in times of difficulty. Open with other team members.
Purposeful	Here is a clear understanding of priorities. Has a sense of direction and purpose, is disciplined about goal achievement. Maintains focus.
Structured	Organised, methodical approach to work. Maps out what needs to be done in advance. Uses systems.
Proactive	Dislikes the predictable. Quick to take decisions. Sees opportunities. Thinks and acts rapidly.

O'Kane (2005) states that it is essential that the chosen leader is strong enough to survive the complex change processes. Indeed, an awareness of the probability that things will get worse before they get better when heading into an uncertain future is paramount. Bennis (2004) (as cited in O'Kane, 2005), also mentions the turnaround leader's need for an adaptive capacity in order to make nimble decisions. One of the most vital attributes is the ability to lead a psychological turnaround, where they inspire, empower and restore the people's confidence in themselves, and in one another (Kanter, 2003).

3.   RESEARCH QUESTION

The purpose of the research was to determine what the attributes of the turnaround CEO in corporate South Africa should be. By "attributes" is meant the implicit and explicit attributes (characteristics, personality traits, skills and competencies as described under the various headings in Section 2) of an individual that is suitable to lead an organisation through a turnaround in South Africa.

The research question was as follows:

- o Which attributes are required by an individual to be a turnaround CEO in South Africa?

4. RESEARCH METHODOLOGY

This section describes the methodology that was employed to find the answers to the research questions in Section 3. The methodology was based on various sources on the theory of qualitative business research methods – Glaser and Strauss (1967), Saunders, Lewis and Thornhill (2000), Zikmund (2003) and Marshall and Rossman (2006) as well as methodology used in research by reputable academics.

4.1. JUSTIFICATION OF QUALITATIVE RESEARCH

In their book, the *Discovery of Grounded Theory: Strategies of qualitative Research,* Glaser and Strauss (1967) address the issue of generating sociological theory, and to reawaken and broaden the picture by helping "…students to defend themselves against verifiers, who would teach them to deny the validity of their own scientific intelligence." (Glaser and Strauss, 1967, p7). Grounded theory doesn't have to be presented as a set of codified propositions but rather as a running theoretical discussion using conceptual categories, themes and their properties.

Gummesson (2006, p170) quoted the words of physicist and Nobel Laureate, Werner Heisenberg: "what we observe is not nature itself, but nature exposed to our method of questioning". The "interview effect" - describing both verbal and non-verbal cues that influence the way respondents reply to a question is well known in marketing research. Capra (1997), cited in Gummesson (2006) says that modern natural science is more concerned with qualitative features, rather than the precise

values of its variables at a particular time, and that the new mathematics represents a shift from quantity to quality. Qualitative and quantitative are therefore not in conflict and should be treated in symbiosis.

Bureaucratisation of scholarly research by imposing inflexible dogmas and regulations are currently threatening the scholarly world, especially when considering expanding business schools in China and India (Gummesson, 2006). Some well respected academics in the field of business research, have long started moving away from the quantitative toward the qualitative research methodologies (Sonnenfeld, 2002; Gandossy and Sonnenfeld, 2004; Gummesson, 2006; Sonnenfeld and Ward, 2007)

Marshall and Rossman (2006) provide the following reasons justifying qualitative research methodology, all of which applied to this research project:

- o It aimed at eliciting tacit knowledge and subjective understandings and interpretations.
- o It aimed at obtaining clarity on a relatively little-known phenomena within the South African context.
- o It could not be done experimentally for practical reasons.
- o It uncovered variables as the research process developed over time.
- o Thoughts, feelings, values, beliefs and assumptive worlds were involved and therefore the researcher needed to understand the deeper perspectives that could be captured in a face-to-face interaction.

o If the researcher tried to probe the social world according to operational variables, imposing a limited worldview on the subjects would have destroyed valuable data.

o Lastly, complex narratives of personal experience cannot be coded.

Gummesson (2006), in a discussion of qualitative research methods, says that we don't need a reduction of theory, but rather a condensation of theory i.e. to make each concept, model and theory progressively denser with knowledge. He cites Glaser (2001, 2003) by stating that within the strategies of grounded theory we search for variables and concepts that absorb the core of a phenomenon - without disfiguring its nature. For qualitative research of management disciplines this is primarily the object.

Glaser and Strauss (1967, p223) go further to say that: "the qualitative research is generally labelled "unsystematic", "impressionistic", or "exploratory", and a flexible quantitative research "sloppy" or "unsophisticated". These critics, in the zeal for careful verification and for a degree of accuracy that they never achieve, have forgotten both generation of theory and the need for carefully appraising the different degrees of plausibility in its reconstruction and cytology in diverse tasks."

4.2. RESEARCH DESIGN

In-depth expert interviews were conducted in order to gather information that may help build a better picture of the profile of the turnaround CEO in South Africa. It is a well-accepted method of gathering qualitative data (Sonnenfeld, 2002; Zikmund, 2003; Gandossy and Sonnenfeld, 2004; Gummesson, 2006; Marshall and Rossman,

2006; Sonnenfeld and Ward, 2007). This produced qualitative data and therefore did not involve rigorous mathematical analysis (Zikmund, 2003). Limited demographic information was collected at the beginning of each interview such as educational background, age, and a brief summary of the interviewee's life and working career. As exploratory research this is categorised as an experience survey (Zikmund, 2003).

The focus was to engage in a long interview structured around the theme of the turnaround CEO in general and then, towards the end of the interview, more specifically focussed on the turnaround CEO in South Africa. The researcher attempted to guide the interview such as to follow the categories listed in Section 2. The average interview lasted approximately 1 hour.

Only the researcher could have conducted the aforementioned interviews, in this case, as the grounded substantive theory only made sense to him. Therefore the assistance of laymen could not be solicited. Understanding of the topic was crucial to the research and interview processes (Glaser and Strauss, 1967).

The Constant Comparative Method was used (Glaser and Strauss, 1967), and it consisted of four stages:

1. Comparing incidents applicable to each category.
   Each incident in the data was coded into as many degrees of analysis as possible, as the categories emerged or as data emerged that fitted into various existing categories.
2. Integrating categories and their properties.

Constant comparison caused the accumulated knowledge related to properties of categories, and became more and more integrated; i.e. related in different ways and becoming a unified whole.

3. Delimiting the theory.

   As underlying uniformities in various different categories became apparent, it was possible to formulate theories by using smaller sets of high-level concepts thus achieving *parsimony* and scope in the applicability of the theory. Coded incidents did not add any more value, categories became theoretically saturated - thereafter no further incidents were coded.

4. Writing the theory.

   Collating of memos on each category, even the return to the coded data for more analysis and writing about it.

4.3.   UNIT OF ANALYSIS

Unit of analysis: Turnaround CEOs in South Africa having turned around a company from economic existence-threatening decline (firm-based decline as stated by Arogyaswamy *et al*, 1995) or having taken an existing business unit or company to a much-improved level of sustainable performance.

4.4.   SAMPLE POPULATION

With regard to sampling, one of the challenges to overcome was identifying the most appropriate interviewees (sample elements). Some individuals agreed to make themselves available for interviews and others were prepared to provide assistance

with access to other suitable interviewees. Such a referral process is known as snowballing (Marshall and Rossman, 2006). The sample size was relatively small – 10 interviews. See Appendix A for a list of the interviewees.

Target interviewees had vast experience at executive and/or board level; the youngest at age 46 and the oldest at age 75. This means that the least experienced interviewee had more than 25 year working experience (he graduated at a very young age and had performed his first turnaround before the age of 30) and the most experienced (still working) more than 57 years. With such long working experience it was assumed that they had all been involved, directly or indirectly, in turning around a distressed organisation or business unit and/or had been involved with selecting an individual to lead the turnaround process – this assumption was proven to be correct.

In some cases, the author already had access to the interviewees i.e. they were convenience samples (Marshall and Rossman, 2006; Zikmund, 2003). The interviewees were all well-respected and experienced business people in South Africa and fell into the category of "elites" (Marshall and Rossman, 2006).

Table 2. **Typology of sampling strategy (Marshall and Rossman, 2006).**

Type of sampling	Purpose
Snowball or chain	People who know people that can contribute
Criterion	People who meet certain criterion useful for quality assurance
Convenience	Those that are reachable and available and willing only

The sample elements (interviewees) of this study are classified as elites by Marshall and Rossman (2006). This implies that the particular type of interviewee is influential, prominent and well-informed and was selected based on their expertise in areas relevant to the research. Valuable information could be gathered due to their positions in social, political, financial or administrative realms. However, elite interviewees are typically difficult to gain access to and in some cases, the interviewer had to rely on sponsorship, recommendations and/or introductions. The interviewer had to adapt the planned structure of the interview based on the wishes and predilections of the interviewee (Marshall and Rossman, 2006). Special care was taken to avoid that the interviewee took charge of the interview.

It was found that the interviewees responded well to open-ended enquiries about broad areas of content that allowed them the freedom to use their knowledge and imagination. This placed a great demand on the interviewer to establish competence and credibility by displaying knowledge on the topic, or even when lacking such knowledge, by projecting an accurate conceptualisation of the problem through thoughtful questioning (Marshall and Rossman, 2006).

The author received assistance from Gibs in the form of a confirmation of affiliation with the University on an official letterhead that accompanied interview requests and lent credibility to the project. Some of the interviewees are involved or associated with Gibs, and therefore were more easily accessible. Only respondents that were prepared to make themselves available upon the first follow-up phone call were interviewed (see Table 2 – "convenience sample").

The respondents were selected on the following basis:

- o They are all known for their entrepreneurial spirit either as founders, co-founders or principals of significant business enterprises with proven track records.

- o They are all well seasoned and generally part of the oldest active business generation in Johannesburg and it was the researcher's aim to extract knowledge and wisdom from the "grey beards" of industry and to avoid the younger "upwardly mobile" types.

- o The researcher was able to gain access to these people directly or via mutual contacts, removed by one or two degrees of separation.

The researcher solicited interviews by sending personalised, detailed, but concise e-mails to the prospective interviewee *via* their personnel assistants. In some cases, the correspondence was direct. The e-mail would then be followed up by means of a telephone call, at which point a time, date and venue would be established. The researcher would then send a pre-interview information pack, consisting of:

- o A formal and personalised letter of introduction, which would include an undertaking of confidentiality, a written confirmation of the appointment and an undertaking to provide the respondent with a copy of the integrated research project report.

- o An independent letter from the Gordon Institute of Business Science, confirming that the research and the researcher are legitimate.

- o A pre-interview guideline listing the questions that the researcher would ultimately like to have answered by the time the interview had been

concluded (or as near as possible). The guideline was not intended to be used in a mechanistic question and answer session, but was rather intended to be a tool that would enable the respondent to think about some of the issues that were destined for discussion during the in-depth "conversation".

The pre-interview information pack would be mailed to the respondent at least two to three days in advance. Only in one case was this not possible due to the fact that the respondent became available at the last moment. The research provided him with the pre-interview information pack as they met and left the respondent undisturbed for about 20 minutes so that he could brief himself and collect his thoughts. The pre-interview information pack (excluding the letter from the Gordon Institute of Business Science which is in a format that cannot be reproduced) can be viewed in Appendix B.

Immediately after the interview a post-interview "thank you" letter would be mailed to the respondent. This can be viewed in Appendix C.

4.5.   DATA ANALYSIS
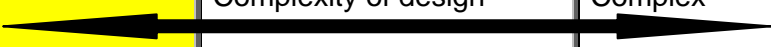
Tables 3 and 4 below summarize the research design strategy in the form of two simple matrices. Note that the applicable blocks to this research project have been coloured in yellow to illustrate where in the matrices the researcher has operated.

Table 3.   Qualitative genre and overall strategy (Marshall and Rossman, 2006).

Genre	Main strategy	The focus of enquiry
Individual lived experience	In-depth interviews	Individuals
Society and culture	Case study	Groups or organisations
Language and communication	Micro-analysis and text analysis	Speech events and interactions

Table 4.   Complexity of design and interaction (Marshall and Rossman, 2006).

In-depth interviews	Microanalysis and text analysis	Case study
Simple	Complexity of design	Complex
Close and personal	Degree of interaction	Diffuse

All interviews were transcribed and the content analysed and filed according to the categorisation in use (Section 2 and further categories that may have developed out of the data). Paragraphs were cross-classified to several categories if so required. These categories changed over time as the research progressed – some even disappeared or merged with others and new ones were created. Analytical aids included summaries and self–memos and a diary (Saunders, Lewis and Thornhill, 2000). In order to generate categories and themes effectively, the following methods were used as recommended by Marshall and Rossman (2006):

o   Identification of salient themes.

o   Identification of recurring ideas or language.

o   Tried to identify patterns of belief that linked people and settings together.

o   Each category/theme became a basket into which segments of text were placed.

o   Categories needed to be internally consistent but distinct from one another (internal convergence and external divergence).

- o The process was therefore an in-depth analysis - discovering patterns, themes and pedigrees.

- o The aim was also to generate indigenous typologies - created and expressed by participants,

- o In addition analyst-constructed typologies were generated. They were created by the researcher and grounded in the data but not necessarily used explicitly by the participants.

A preliminary analysis of the data was given to an outside party for independent comment and appraisal. This was done with the aim to lend validity to the findings and to manage analyst bias, bring out points missed and crosscheck points. With clearer ideas on the emerging theories, the researcher returned to the data for more coding and constant comparison (Glaser and Strauss, 1967). Thereafter, a final analysis was produced (appendix D).

4.6.   BRINGING THE RESEARCH TO A CLOSE

According to Glaser and Strauss (1967), the "continual intermeshing of data collection and analysis has a direct bearing on our researches brought to a close."(p 224). When the researcher is convinced that his conceptual framework forms a systematic theory that is a reasonably accurate statement of the matters studied and is in a form that can be studied by others then he is near the end of this research. More data can be mined, but it is generally of little further value when the core categories are already saturated. Concepts, themes, patterns and categories are developed to the point where they are sufficiently formulated for the work to be closed and published.

"The theory emerges from the research, collection and analysis of qualitative data, and is in a sense equivalent to what he knows systematically about his own data. By the close of his investigation, the researcher's convictions about his own theory will be hard to shake, as most fieldworkers would attest. This conviction does not mean that his analysis is the only plausible one that could be based on his data, but only that he has high confidence in its credibility. What he has confidence in is not a scattered series of analyses, but a systematic ordering of them into an integrated theory. He has, in fact, discovered, through principal inductive effort, a substantive theory about delimited arrays of data, which he is ready to publish." (Glaser and Strauss, 1967, p 225 – 226).

4.7.   WEAKNESSES AND LIMITATIONS

In-depth interviewing does have its weaknesses and limitations. They are listed by Marshall and Rossman (2006), as follows:

o   It involves personal interaction and therefore cooperation is essential.

o   Interviewees may be unwilling or uncomfortable sharing all the information that the interviewer expects.

o   The interviewer may not have the skill to ask questions that evoke long narratives.

o   The interviewee may have good reasons not to be truthful.

o   In addition analysts-constructed typologies are generated. They are created by the researcher and grounded in the data but not necessarily used explicitly by the participants.

This study was aimed at interviewing well-experienced (as defined in Section 4.4), business leaders in South Africa. At the time of conducting interviews these individuals were available in the greater Gauteng region i.e. it was a sample of convenience subjected to a cross-sectional study at a point in time. The sample was not statistically representative of experienced business leaders in South Africa (Zigmund, 2003).

5. PRESENTATION OF RESULTS

5.1. INTRODUCTION

A list of the interviewees can be viewed in Appendix A. 10 in-depth, exploratory interviews were conducted on a semi-structured basis with open-ended questions. The youngest interviewee was 46, and the oldest 75 years old, with the average age at 59. 8/10 interviewees had a minimum second tertiary qualification after undergraduate studies – 5 with masters degrees, 1 with a PhD and 2 with further undergraduate studies and government certificates of competency in mining and in engineering. Two of the interviewees did not have an official tertiary education. All of the interviewees are based mainly in Johannesburg and have spent the majority of their business lives based in the region.

What follows is the presentation of the results as extracted from the interviews – see the data analysis in Appendix D. From the transcribed interviews certain determinants have been identified – 23 in total. Within each determinant are various responses (elements) as extracted from the transcriptions. They have been used *verbatim* and therefore contain certain powerful words which have been retained only in cases where it lends colour and provides additional context to the determinant.

Where all interviewees have discussed a particular determinant (category, theme, pattern or trend) it is indicated as 100% (i.e. all 10 interviewees) in brackets at the

end of the heading. Proportions are allocated similarly in the headings where less than 100% have responded i.e. 90%, 80%, 70% etc.

Underneath the heading, the numbers of responses that are directly related to the determinant are listed as the "Number of elements identified that relate to this Determinant ". Elements that are near related or that overlap have been omitted – so each determinant listed in this section lists a summarised version of the detailed data in Appendix D.

Any converse relations to the determinants are listed as "The converse" at the bottom of each table. I.e. what percentages of the elements appear to disagree with the general consensus in that particular determinant? This is not statistically significant, but merely intended to indicate whether or not there was full consensus across all the interviewees concerning the determinant and if not, an indication of the number of "converse" statements.

An element that describes any essential attribute that the turnaround CEO in South Africa must have – has been extracted from each category with an occurrence equal or greater than in 80% of the interviewees (where it occurs) and listed separately (See Tables 27 and 28).

5.2.   INDEPENDENT ANALYSIS

In order to minimize analyst constructed typologies and other forms of bias, the researcher approached an independent person to conduct an analysis of the data.

The interview transcripts and a copy of the first 4 sections of this document were provided. A letter confirming this can be viewed in Appendix E.

5.3. THEME FOR THE TURNAROUND CEO IN SA

(100%)

Each interviewee displayed their own theme as has been evident from each unique interview. In combination with self-memo's and the aforementioned these themes have been listed below in as concise a manner as possible.

- → *Maverick with single-minded focus*

- → *Parachute Artist with an element of ruthlessness*

- → *The turnaround Artist - its more than just science*

- → *Decision maker with humility*

- → *The hands-on Leader with good "people skills"*

- → *The hands-on Leader with attention to detail*

- → *The hands-on Leader that is performance focused*

- → *"Unique Animal" that listens before making decisions*

- → *The turnaround Artist that can be creative*

- → *The hands-on Leader with attention to detail*

5.4. BUSINESS AND FINANCIAL ACUMEN

(100%)

Number of elements identified that relate to this Determinant = 23

Table 5. **Selected elements in the determinant: Business and Financial Acumen.**

→ *Financially astute and competent*   → *exceptionally good business acumen*   → *understanding of the financial implications of their decisions*

> → *finance, financial training, being able to read a balance sheet and have your financial acumen*
> → *rigorous scrutiny of all aspects regarding the finance side*
> → *got to be commercially minded*
> → *you need to know what creates value and what destroys value*
> → *I would always go with a turnaround guy who has very strong financial control - cost control, putting procedures in place, those types of things*
> → *I think finance in business, is what it is all about. That is the bottom line*
> → *understand the financial implications of your decisions - every single decision you make*
>
> <mark>The converse (0 elements from 23 = 0 %)</mark>
>
> → *None*

5.5. SKILFUL COMMUNICATOR / PEOPLE SKILLS

(100%)

Number of elements identified that relate to this Determinant = 38

Table 6. Selected elements in the determinant: Skilful Communicator/People Skills.

> → *get the stakeholders aligned – it is more about managing up than down*
> → *the key issue, absolutely the key issue, is 100% board support*
> → *good negotiating skills*
> → *I had to do a lot of talking to a lot of people*
> → *we would have management meetings and town hall meetings*
> → *we'd fan out and go talk at all levels and confer regularly with each other*
> → *expressive and articulate*
> → *persuasive*
> → *communicate as much as possible*
> → *listen to any idea and my door was always open*
> → *I broke down my office and it did not have a door*
> → *"thank God somebody wants to listen, I feel nobody here wants to listen"*
> → *He must be a communicator and he must be able to convince people*
> → *when you're wiser you better understand how to manage peoples' emotions, be in sync*
> → *Ja, and then to be able to listen to people at different levels and make sure you can understand and interpret accurately what they are saying*
> → *A good turnaround CEO listens before he makes the decision or takes the steps*
> → *So you have to sell it to every single stakeholder including the banks*
> → *it's what they're not saying that tell you a lot … So people skills like that are really important*
> → *one message upward which is more long term, and one downward which is more short term, which means you have to be incredibly visible to the guys at the bottom and you have to be incredibly visible to the guys at the top. But you are sending different messages each way.*
> → *talk to a guy in an area, and start asking the right questions, and listen to the response*
> → *qualitative talking to people*
> → *it's a cathartic experience for them. They'll unload themselves*
>
> <mark>The converse (0 elements from 38 = 0 %)</mark>
>
> → *None*

5.6. INTELLIGENT, ANALYTICAL AND LOGICAL PROBLEM SOLVING ABILITY

(100%)

Number of elements identified that relate to this Determinant = 28

Table 7. Selected elements in the determinant: Intelligent, Analytical and Logical Problem Solving Ability.

→ *you have to figure out the problem quickly, figure out the solution quickly*
→ *get someone who can go in there, who has got the intellect to see the broader picture*
→ *a solid, reliable, intelligent type of guy*
→ *to be able to think on your feet*
→ *if you are not highly analytical you will be well out of those three months before you know what is going on*
→ *You have to get a guy that can think*
→ *you've got to have a certain intellectual ability, the psychometric stuff, you've got to score well on the tests, ability to think logically*
→ *you have to have the intelligence, there has to be that latent brain power that is going to analyse what is wrong*
→ *then have to do is chunk it and then focus on the different aspects of the business that are not going right*
→ *the smartest guy I ever came across actually*
→ *was an amazing guy and unbelievable intellect*
→ *ability to think logically*
The converse (0 elements from 28 = 0 %)
→ *None*

5.7. TOUGH

(100%)

Number of elements identified that relate to this Determinant = 20

Table 8. Selected elements in the determinant: Tough.

→ *I was tired and worn out of firing and breaking and wrecking and pruning and the whole down size, down size, down size and then slowly rebuild. ...taking something that was burning and just go through that horrible pain. I was tired of fixing something that is in trouble, you are going to have lots of sleepless nights*
→ *to see where the problems are, and then be tough, hard-arsed and ruthless enough to take the sort of decisions that are going to be necessary*
→ *it is not going to be a bed of roses that it is going to be as tough on you the individual as it is on the people and on the company*
→ *it was like being a trauma surgeon. We used to work 20 hours a day because we had to, why? Well, they wheeled this bullet riddled body into an operating theatre and they've phoned you up and say "we need you now", you can't say "well look*

> *I'll come in the morning". The thing's dead! You've got to go there and then, and work hard. And what you are doing, you're trying to keep it alive*
> → *I decided to cut our losses*
> → *it kills him, absolutely kills him, to do his job effectively, turnaround the business. He wont make 50*
> → *go through that horrible pain*
> → *invariably means being hard-arsed or hardnosed, … and take unpopular decisions*
> → *those 18 months, I promise you, were the hardest working 18 months of my whole career*
> → *I was tired …This is not an environment for sissies hey*
> → *for me there was a very high emotional price*
> → *affects you personally because it starts to make you quite a tough person*
> → *he has got to be as hard as nails and twice as tough*
> → *become a very sarcastic, tough and very blunt instrument*
>
> <mark>*The converse (0 elements from 20 = 0 %)*</mark>
>
> → *None*

5.8.   LEADERSHIP STYLE/BEHAVIOUR

(100%)

Number of elements identified that relate to this Determinant = 46

Table 9.   Selected elements in the determinant: Leadership Style.

> → *I play fair-ball, but you play hardball with me, I will play hardball back*
> → *visionary qualities, so that people want to follow you, they believe*
> → *arrogant leaders don't want to admit what they're not good at*
> → *has to have patience as well because things don't happen over night*
> → *tell them that we are in financial difficulties, you are going to tell them*
> → *I think I'm more of an entrepreneur*
> → *you have to make a decision … he has got to be prepared to make decisions, unpopular decisions, and he has almost got to be prepared to make decisions without waiting for the authorization*
> → *the internal turnaround guy has to know every single thing that is going on*
> → *with inspiration and energy and drive, with vision*
> → *a turnaround artist is like a conductor, who is able to orchestrate, rather than castrate*
> → *The ability to harmonise them, get the best out of them. Rather than take the ruthless cutting, which is the castrating*
> → *a key ingredient to someone who can turn around a company is humility*
> → *prepare to be in the front, he has to set the example*
> → *I rate stakeholder importance first, customers; staff; shareholders. I look after the first two, the shareholders will be ok*
> → *you must be objective and make a decision*
> → *he has to be a driver*
> → *results-orientated, focused on day by day and week by week and month by month results*
> → *can connect with those people and say: "hey guys, I want to show you something different. Come! Come with me!"*
> → *the assertiveness*
> → *got to be controlled*
> → *you build the confidence of the staff*
> → *If you haven't got people committed from within then it is going to be very difficult*
> → *I have never seen a guy make decisions like that*
> → *of strong leadership, a very clear strategy in place, a coherent management team*

45

to implement the strategy and a discipline of short interval control

→ *must be objective, make a decision and fulfill it*
→ *self-belief, be a bit of a maverick and he has got to back his instincts*
→ *He has got to be a really, really good manager*
→ *it is about convincing guys to come with you: "come with me, I want to show you"*
→ *He must know his intellectual limits, his emotional, psychological and physical limits, but he needs to be able to fill every facet of his perspex cube to be the complete and successful turnaround artist /extremely open to what other people are telling you*
→ *Leadership is not leadership if there isn't any change*
→ *understands the implications of everything, has high energy*
→ *a strong leader will make sure that the team is with him, pulling in the same direction*
→ *never show favouritism*
→ *you have actually got to back your gut. Your instinct.*
→ *establishes vision, he aligns people, he leads by motivating, his leadership skills are fantastic, but at the same time, he has an eye for detail*
→ *He can allocate resources, plan and control and problem solve so well that you would look at that guy and think 'it is astonishing to see all those skills in one hand*
→ *in many cases you have got to be obsessive … tempered with some humanity and humility … single-mindedness*
→ *Me listening to them*
→ *you have to tell people you have to give them a thank you and you have to give them praise words genuinely and when it is due and at other times, if a person is not right you have to be harsh and you have to explain to them what has to be done*
→ *the job of the CEO, to make sure that each person working for him has whatever he needs in terms of money, manpower, machinery, whatever, and the CEO needs to say to the guy "tell me what you need, this is what you've got, what else do you need?"*
→ *You have to be calm and you have to keep people focused*
→ *keep everyone aligned, and at the same time ensure that your upward stakeholders still have faith in you*
→ *got to be tough, they have got to be task-focused, clearly entrepreneurial, but very importantly, they have got to be focused on the short term*
→ *focus of the turnaround CEO has got to be first and foremost managing the short term for the long term*

==The converse (4 elements from 46 = 8.7 %)==

→ *don't have the luxury of being great strategic leaders when you are up to the armpits in poo*
→ *You can't get too dreamy about leadership*
→ *leadership is a luxury, which comes when better control exists*
→ *classic monster-types, who are totally ruthless, totally unemotional, totally driven as you were saying. Single-mindedly focused. Totally autocratic, totally unyielding, totally unbending, totally unreasonable. Tough, hardnosed, miserable, unemotional bastards, Monsters. They have driven and grown empires but at great cost to humanity around them*

5.9.　　　AGE, EXPERIENCE & TRACK RECORD

(100%)

Number of elements identified that relate to this Determinant = 24

Table 10.　Selected elements in the determinant: Age, Experience & Track Record.

→ *at the time I was 36*
→ *You have to have been in an environment where there is a line function; you never take a staff guy as a fix it guy, never*
→ *I would say someone who is at least mid forties and older*
→ *Obviously you find someone first of all with good experience*
→ *Ideally the guy is at his peak, between the ages of 35 and 45. If he is under 35 maybe he hasn't had enough experience*
→ *That's why you're talking to older people, that kind of stuff comes with experience*
→ *a successful track record, does take time. And that you must allow for. Therefore I don't see (turnaround) CEOs under 40 or 45*
→ *You know I think your best turnaround CEOs are going to come from your 50 to 60 age bracket, and the only reason I say that is because they have probably had a lot of experience and hopefully they are still fit, energetic and have got that drive*
→ *There are very few guys who can fix things that will have had the experience, that are under 35. Very few. They are normally 40 to 50, Because they have got scars on their back, they have lost battles, they have lost lots of matches and they have lost in the last 10 minutes*
→ *They need to have been around the block at least 10 or 15 years – post MBA type level of experience*
→ *but you don't have to be 60 years old, but I would say over 40 …I don't think under mid-30*
→ *age should play a role in that a younger man should be more energetic and have more drive, but people today are remaining younger for longer*
→ *older guys are always going to have that fantastic experience but…I say under 30 is too young and over 50 is too old, but it does depend on the industry*
→ *to be a turnaround person, unless you have trodden the path, you will never be a good turnaround person. Turnaround people are not born, they are made*
→ *in terms of stamina in the people we are going to be looking for – (max) 60*

==The converse (5 elements from 24 = 20.8 %)==
→ *I would also probably not take a guy who has left a fat cat company and now wants to gear it*
→ *I don't want to see a flash in the pan, but a proven track record*
→ *The reality was that the older guys ended up slowing it down.*
→ *age is not really an issue but you want someone who is mentally agile and can make decisions*
→ *I doubt whether I would take him from the so-called corporate world*

5.10.   THE TURNAROUND CEO IN SOUTH AFRICA

(100%)

Number of elements identified that relate to this Determinant = 41

Table 11.   Selected elements in the determinant: The Turnaround CEO in South Africa.

→ *South Africa has a very interesting generational issue. The hang-ups I had because of the way I grew up, the youngsters don't have*
→ *Get the trade unions on your side*
→ *if you are not aware of the need for change within South Africa and you are not going to do anything about it, you are also not going to achieve anything*
→ *Well the BEE thing is significant, it is not going to go away so you have to be on board with that*
→ *South Africa has got a skills shortage, much younger heads are carrying a lot more responsibility than in other countries, but that's been like that for a long time*
→ *Unique labour laws for starters*
→ *All this corporate governance stuff, … I'm not hassled by it. It's the rules of the game you play, do it*
→ *unique to South Africa is firstly we've still got a very militant labour situation*
→ *we have in SA unique financial reporting, sometimes much more elaborate than other countries*
→ *in SA youngsters get given opportunities a lot earlier than the rest of the world*
→ *the leaders lived through apartheid and the youngsters didn't*
→ *I think South African managers are hugely challenged by the political process*
→ *the guy that you box with is your competitor, you don't have to box with the Government too!*
→ *unique to SA is that people at a younger level have had a broader exposure to levels of responsibility and therefore tend to have the energy to be able to do this sort of thing*
→ *Your hygienic conditions have to be right*
→ *S. African income tax aspects because that could also be a very important factor in turnarounds*
→ *HD or PDI candidates have been promoted to levels of incompetence and many organizations are going into huge delivery problems because of the lack of skills, I think the BEE bubble is starting to burst*
→ *with legislation and BEE and tax and with accounting and the new accounting laws and things like that, we use special people*
→ *no South African who is under the age of 33 has ever worked in a recession because we have had 13 years of growth*
→ *You have to be mindful of the fact that people of colour are sometimes of the view that if you are young, I have the right to this position because of the government legislation*

==*The converse (4 elements from 41 = 9.75 %)*==
→ *I don't think so; I don't think you need a unique animal for South Africa*
→ *You hire good lawyers, there's a code and you follow the code. You don't have to be a special South African to... there are certain rules of the game and you follow them here in South Africa*
→ *but I think if you're in a turnaround where not turning it around is closure, it's on a back burner for me, boy I'll tell you. Because it doesn't create wealth, sometimes it actually consumes it*
→ *It concerns me the amount of energy that's going in to all this stuff which is not wealth creating*

5.11. THE PLAN, THE SPEED AND THE IMPORTANCE OF CASH

(90%)

Number of elements identified that relate to this Determinant = 16

Table 12. Selected elements in the determinant: The Plan the Speed and the Importance of Cash.

→ *It took 3 months. I joined in October and by January I had a board meeting ....I showed them the plan*
→ *the first 100 days people are watching you: "what is he doing now?" You maybe get 100 days, maybe 200 days, where people sit and look*
→ *in 100 days you report back*
→ *and the problem with turnarounds invariably, let's say failures, is that you run out of money*
→ *You can save anything if you have access to money*
→ *they assessed the situation very clearly at an early stage*
→ *The first 100 days is critical for a crisis leader, you come in, you figure it out, you figure out your plan*
→ *you have to make sure that you have got proper cash projections, make sure that what you want to do you have got the proper money to do it*
→ *And what keeps businesses alive – it's cash....Why do they fail? They run out of cash. Cash is like blood in the body*
→ *in any turn around, you can have the right profile, ... if you haven't got money, if you haven't got cash, you are dead*
==*The converse (0 elements from 16 = 0 %)*==
→ *None*

5.12. TENACITY AND SINGLE-MINDED FOCUS

(90%)

Number of elements identified that relate to this Determinant = 19

Table 13. Selected elements in the determinant: Tenacity and Single-minded Focus.

→ *demonstrate persistence and perseverance*
→ *you can't fix them in five minutes; you have got to stick with them for a year or two or three*
→ *got to go and have the staying power amidst what I call white-anting, back-stabbing and ball-kicking because people around don't like change*
→ *focus on what needs to be done*
→ *knowing what they are doing and focusing on that particular problem*
→ *never took leave for five years*
→ *but in terms of the sort of stamina in the people we are going to be looking for…*
→ *it is an ability to focus on the essentials*
→ *people who are prepared to make the sacrifice and are committed and who are resolute in achieving it*
→ *you put your jacket and tie on and you go and kick it till you get the result. That is what it is all about*

> → *Don't lose sight of the major objective; remain emotionally charged about the major objective. Don't get emotionally discharged because of stuff that is not important*
> → *It is a 24 hours a day job and he has to stick to it*
> → *those 18 months, I promise you, were the hardest working 18 months of my whole career*
> → *you are looking for, the single-minded people*
> → *focus on performance*
> → *I would be interested in people who can pick an objective and stick to it.*
>
> <mark>*The converse (0 elements from 19 = 0 %)*</mark>
>
> → *None*

5.13.   PERSONALITY

(90%)

Number of elements identified that relate to this Determinant = 33

Table 14.   Selected elements in the determinant: Personality.

> → *independent, strong minded*
> → *they can visualize the destination, hard in their mind. And they will keep bashing at the pieces to make sure that it looks like that when its finished*
> → *they are not very popular and they have got to be totally unemotional*
> → *got to have is a very cool head*
> → *a person who is a maverick to a certain degree*
> → *he has got to inspire people to stay with him*
> → *you must not care what others think of you*
> → *inherent qualities, the leadership, the assertiveness, the intellect*
> → *humility lead from the front, they are all fully committed and fully involved*
> → *mustn't be overbearing and pompous*
> → *got to be hugely stubborn and he has got to have massive self-belief*
> → *They are almost mercenary to a certain extent.*
> → *Balls, brains and personality, and what do we mean by that: Balls means energy, drive and passion.*
> → *a humble character*
> → *he has to have people skills*
> → *"Do you think that … charisma plays a role? You know I think it can, but what is charisma in a situation like that? It's generated you know*
> → *if you don't have the right personality it means you are not going to motivate and inspire people*
> → *I think here's a bit of charisma*
> → *Passionate about what he was doing, incredible intellect, dour personality*
> → *in very senior executive positions charisma, presence and gravitas become important*
> → *absolute non-negotiable essentials, is incredible energy, drive and passion*
> → *a fair amount of extroversion and energy*
> → *rugged personality, a strong self-worth and you have to be psychologically ruggedly-minded to be able to take the unpopular decisions.*
>
> <mark>*The converse (3 elements from 33 = 9.1 %)*</mark>
>
> → *So while gravitas and charisma are important they are not the be all and end all*
> → *but if you don't have the other two qualities, the balls and the brains with it, the personality or the gravitas or the charisma, is meaningless*
> → *I say it must be a forceful person that can take drastic decisions*

5.14.   CHANGE BELIEFS

(90%)

Number of elements identified that relate to this Determinant = 27

Table 15.   Selected elements in the determinant: Change Beliefs.

→ *a short-term thinker*
→ *if there is not adaptation in the company and there is this kind of continual rebirth, the company is going to go downhill*
→ *immediately get rid of the management, and especially if he was an owner that started the business, created the baby that we are now buying*
→ *And you know if you go into something that is not working, …. and in the end, I think, leadership is usually the problem*
→ *cut the overheads, cut the main expenses*
→ *you can't fix too many things simultaneously. You just can't. You have to pick five key things and try and got those fixed and on an even keel, and then you take another five*
→ *I articulated a 5 prong growth strategy some of it which was do-able, some which wasn't do-able, some which wasn't do-able because we didn't have capital*
→ *changes are inevitable. If you want to turnaround changes follow as sure as day follows night. There have to be changes otherwise you are not going to achieve anything*
→ *make sure that there's not a serious overlapping of responsibilities and deliveries*
→ *it must be straight, down the line and you can't be emotionally involved*
→ *your staff behind you need continual reinforcement, to say 'he's telling me again, he's telling me again. And you know if he tells me five times, he must be serious about it*
→ *you want to get this right you can get it right quickly*
→ *you must be willing to give up after 3 years.*
→ *I am not saying that you have to be a Genghis Kahn but you actually need to have an element of Paton in you hey!*
→ *You not coming with me? Sorry, this bus is full. Get off*
→ *Confrontation will be healthy if the protagonists have mutual respect for each other, and mutual trust for each other*
→ *DISC, which is Drive, Influence, Systems and Compliance*
→ *I'm not saying you have to change things for the sake of change. What I would say to you is that if on that curve (referring to Azides- see section 2.1) you find that the business is, some of the elements aren't as strong … to me a big A (Referring to the Administration in Azides) is a good dashboard to drive your business with*
→ *a lot of companies need turnarounds, but the shareholders and the boards are not conscious of the fact that they need that turnaround*
→ *obviously time is of the essence!*

<mark>The converse (not applicable)</mark>
→ *Not applicable*

5.15. UNDERSTANDING THE BUSINESS OF THE BUSINESS – DOMAIN KNOWLEDGE

(90%)

Number of elements identified that relate to this Determinant = 21

Table 16. Selected elements in the determinant: Understanding the business of the Business – Domain Knowledge.

> → *So I walked in as a domain specialist. Because I had done it successfully elsewhere in the past*
> → *you have an element of domain knowledge*
> → *have a good in depth knowledge of the industry*
> → *MD that we appointed to do the turnaround didn't understand the business, he didn't get the half of it*
> → *You have to have either the product knowledge or you have to understand, certainly the customer*
> → *you have to be able to understand the business of the business*
> → *it does help if you know the type of industry you are asked to fix*
> → *You have to know something about the industry*
> → *So you have to have a bandwidth that kind of overlays somewhere where they are. You've done something similar*
> → *understand the ethos, the culture, the coalface mentality*
> → *domain knowledge of the business is important*
> → *he must have knowledge, product knowledge*
> → *credibility, to actually interrogate someone and say "you know, you are actually talking crap"*
> → *not necessarily that business but understands the industry*
>
> <mark>The converse (2 elements from 21 = 9.6 %)</mark>
> → *understanding the kind of business you are supposed to turnaround is not always a luxury you can afford to have*
> → *yes, highly desirable, but not essential*

5.16. A TEAM BUILDER

(80%)

Number of elements identified that relate to this Determinant = 27

Table 17. Selected elements in the determinant: A Team Builder

> → *I got a box of Champagne … and I gave it to the staff*
> → *if you think that you are going to come in a do it on your own, you haven't got a hope in hell*
> → *I got a very good FD in… And I lured him, he came. And the two of us set about*

→ *I have tried to surround myself with likeminded people*
→ *be able to pick the right people*
→ *Everybody has to buy into the plan*
→ *extremely open to what other people are telling you*
→ *to a man every one of them said 'we are in this together…'*
→ *I had already figured out who my next row of lieutenants were going to be.*
→ *to be able to pick a few key guys around there that I can trust and they wont lie to me and who wont white-ant me*
→ *It's a lot easier to build a company around one individual. It's very difficult to turn around a company as one individual*
→ *normally brings two or three guys with him, his kind of lieutenants who come in to the business with him*
→ *So it's important to have a coherent management team where the responsibilities - all the bases are covered, well covered and not overlapping*
→ *I delegated responsibly for success down the organization*

==*The converse (1 elements from 27 = 3.7 %)*==

→ *a guy who can very often work on his own with thinking and planning, but then can inspire others – so a team player in that sense*

5.17.   REWARDS, CULTURAL AWARENESS AND SYMBOLISM

(80%)

Number of elements identified that relate to this Determinant = 19

Table 18.   Selected elements in the determinant: Rewards, Cultural Awareness and Symbolism.

→ *I changed everyone's incentive plans in the first 3 months. I said: 'From now on I am doubling everyone's salary, and the way it works is that you are all on the same incentive plan as me'*
→ *obviously they understand the ethos, the culture, the coalface mentality*
→ *The hygienic conditions are more than just empowering the people, the ethics within the company, getting people in their own departments to work together where they have to interact with people in other departments to make sure they are acting correctly*
→ *Every time we made a payment we would ring a bell, send notices and I think a lot of people got swept up into this thing – look at it, this thing is working*
→ *If they're arguing about issues which they think are in the interests of the company, that's good.*
→ *operations that were purchased had to change their names, systems and controls, and change the culture of the people, from being Americans who couldn't give a stuff about working, to people who really believe.*
→ *We broke down all the offices and took away all the walls*
→ *you have all sorts of different personalities, and you find that that guy sets the culture for the people working under him*
→ *We built show rooms inside and I made them proud of who they were.*
→ *So by listening and letting people get stuff off their chest … you can start to deliver, you can set a timetable, you can buy enormous goodwill*
→ *in some way I had to turn the culture away from sales towards profit, away from volumes but towards turnover, stock turnover; away from throughput towards productivity, and all of a sudden I trained everybody on how to read an income*

> *statement so everyone in the company knew what the key measures were. The culture changed fundamentally.*
> → *Word got around that … was prepared to sign these huge cheques subject to performance. And it changed everything*
>
> ==*The converse (1 elements from 19 = 5.3 %)*==
> → *And you know all this airy fairy intellectual bullshit about empathetic leaders is all kak*

5.18. GETTING INVOLVED WITH DETAILS, CONTACT AND WILLINGNESS TO ENGAGE AT ALL LEVELS

(80%)

Number of elements identified that relate to this Determinant = 24

Table 19. Selected elements in the determinant: Getting Involved with Details, Contact and Willingness to Engage at all Levels.

> → *They loved to have an MD who actually go through every detail with them.*
> → *I lived in the trenches. I visited the customers with them*
> → *you are fighting in the trenches in hand-to-hand combat*
> → *somebody who can be hands on, is not afraid to roll his sleeves up and climb in and find out what's going on*
> → *we had our own feet in the fire*
> → *To know what's happening, go down and talk to the guys at the coal face, because they don't have the broad picture, but they are certainly taking the heat*
> → *be able to understand the detail because the risk of failure is so high*
> → *But if you are not communicating, if you are not eye-balling, if you are not involved, then you are not just going to do it by sitting in your office*
> → *for five years, I saw every telex that came into the company, I saw every fax that came in*
> → *You start micro managing … I think it is attention to detail*
> → *those guys who were moulding flower pots, asbestos fibre cement flower pots on the floor, knew a hell of a lot more about what was wrong with the company than the guy who had been sitting in his office.*
> → *pull operational people along, every single week "have you done this, have you done that", and he would expect it to happen, and if it didn't he would fire them.*
> → *you have to get into the factory and see what is happening with the machinery, with the people, with the quality, it is all different types of things   and we sat down for probably two weeks, and went through every single line item*
>
> ==*The converse (0 elements from 24 = 0 %)*==
> → *None*

5.19. RUTHLESS AND UNCOMPROMISING

(80%)

Number of elements identified that relate to this Determinant = 22

Table 20. Selected elements in the determinant: Ruthless and Uncompromising.

→ *You have to be cold and unemotional. Incredibly so.*
→ *And you know all this bullshit about airy fairy intellectual bullshit about empathetic leaders is all kak*
→ *be tough, hard-arsed and ruthless enough to take the sort of decisions that are going to be necessary*
→ *but the dead wood, the sooner you can get rid of it, provided you don't throw your dirty water away before you have got clean water*
→ *you just needed to cut the throat of that ridiculous acquisition that had been made, cut its throat, close it down.*
→ *he would expect it to happen, and if it didn't he would fire them.*
→ *I said "guys, the needs of many outweigh the needs of a few. It is quite simple. And some of you are going to have to go. Now let us look at what the strategy is and I can't guarantee job security".*
→ *there are strategies or tactics that you can employ to restore equilibrium. You fire one or two of them very shortly after you arrive. Because that calibrates the rest of them: "hey, the new guy doesn't take any shit"*
→ *they are not very popular and they have got to be totally unemotional about it*
→ *immediately get rid of the management, and especially if he was an owner that started the business, created the baby that we are now buying*
→ *you are either in the canoe, or you're not, and if you in the canoe, I expect you to be a fully fledged member of the canoe and row as hard as anybody else. But if you don't want to do that, do us all the favour and go*
→ *it made me, to be honest, quite a mercenary.*
→ *you are going to defy me? Bang, here you go. You can't do that. Watch me. Gone*
→ *it was clear that ruthless action was called for and we needed a ruthless execution*
→ *You have to have an element of ruthlessness*
→ *I am not saying that you have to be a Genghis Kahn but you actually need to have an element of Paton in you hey!*
→ *You not coming with me? Sorry, this bus is full. Get off.*
==*The converse (0 elements from 22 = 0 %)*==
→ *None*

55

5.20. INTEGRATIVE THINKING, METHODICAL AND SYSTEMATIC

(80%)

Number of elements identified that relate to this Determinant = 16

Table 21. **Selected elements in the determinant: Integrative Thinking, Methodical and Systematic.**

> → *you don't turn it around at all costs, because the cost may be too great. And it is cheaper to actually close it down.*
> → *When you want to do a turnaround, you have to analyze the problems and see what the hell is going on in the company*
> → *What you then have to do is chunk it and then focus on the different aspects of the business that are not going right*
> → *you start breaking your business up because you have got to make tough decisions*
> → *there's the entrepreneurial element, there's the administrative element, there's the performance orientation and there's a sort of integrative aspect of the business*
> → *make sure that you analyze, that you get to the bottom of the different departments*
> → *I am a great believer in chunking than if you are going to try and tackle everything at once, you are just going to fall through the cracks, you have to look and see where your biggest problems are*
> → *And very logical and structured. But you have got to be integrative*
> → *So we did massive changes, and if you think about it, it is all about integrative thinking and we did the entire design of the strategy in the first 100 days.*
> → *I thought the problems of today can't be solved by the same mind that causes it*
> → *every number has a face. I created responsibility everywhere so that I could measure everyone all the time, every week and every month*
>
> <mark>*The converse (0 elements from 16 = 0 %)*</mark>
> → *None*

5.21. PHYSICALLY ACTIVE AND STRONG

(50%)

Number of elements identified that relate to this Determinant = 5

Table 22. **Selected elements in the determinant: Physically Active and Strong.**

> → *the favourite sport amongst young South African turnaround CEOs is … based on my experience – cycling*
> → *strong intellectually, physically, you cannot have a weak individual*
> → *He has to have the physical strength and he has to have the mental strength*
> → *who understands the implications of everything, has high energy*
> → *I know guys of 70-75 who'll run rings around me on the tennis court – physical energy*
>
> <mark>*The converse (0 elements from 5 = 0 %)*</mark>
> → *None*

5.22. EDUCATION

(40%)

Number of elements identified that relate to this Determinant = 6

Table 23. Selected elements in the determinant: Education.

→ *display a high level of credibility, which often means they have to have had a good education as well*
→ *it is a multi-disciplinary kind of education*
→ *I think having a degree is going to help*
→ *And education is important. I find that. In the end the best people that I got were well educated, typically an undergraduate and a post graduate degree*
→ *Financial training to my mind is there very important*
<mark>*The converse (1 element from 6 = 16.6 %)*</mark>
→ *there are a lot of people in the world that are not educated that have done exceptionally well*

5.23. USES CONSULTANTS AND MENTORS

(30%)

Number of elements identified that relate to this Determinant = 8

Table 24. Selected elements in the determinant: Uses Consultants and Mentors.

→ *I went out and looked for help...Grey hair people...*
→ *I used his wisdom; he helped me tremendously*
→ *I am a believer in mentorship, build those people up until they reach that level and then give it to them*
→ *I mean with wisdom, with experience comes the better understanding of how to manage a lot of things. I now have 5 mentors, people that I work with*
→ *You have to use people that you know, that you trust that are competent and that will give you the right type of advice and that is the mentorship I have always used*
→ *I'm a big user of people who have got more experience*
→ *I'm a great believer in mentors*
<mark>*The converse (1 element from 8 = 12.5 %)*</mark>
→ *South African turnarounds will do is they will get (consultants) who will get a lot of money out of it (in the negative sense)*

5.24.   TENURE

(20%)

Number of elements identified that relate to this Determinant = 3

Table 25.   Selected elements in the determinant: Short Tenure.

→ *in my fourth year I realized I had stayed a year too long. I should have left in my 3rd year, and by the time I was in my fourth year*
→ *You have guys that can turnaround any business but they are only there for a limited amount of time, it is not their full time career, they want to get in, do the job for a year or two and move on to the next opportunity*
→ *the problem with all turnaround CEOs. After three years they are bored, you have got to get them out.*
<mark>*The converse (0 elements from 3 = 0 %)*</mark>
→ *None*

5.25.   SUCCESS RATES

(20%)

Number of elements identified that relate to this Determinant = 2

Table 26.   Selected elements in the determinant: Success Rates.

→ *There were businesses that were doing exceptionally well and other businesses that had to be turned around and unfortunately in my experience we didn't have the big success rate in turnaround*
→ *I hope you realize what you are in for – there aren't many successful turnaround CEOs*
<mark>*The converse (0 elements from 2 = 0 %)*</mark>
→ *None*

5.26. ESSENTIAL ATTRIBUTES OF THE TURNAROUND CEO

From the interviews, it became clear that there were themes and attributes that kept surfacing. It became such a pattern that it was eventually obvious that these words and themes needed to be singled out as the absolute essential attributes of the turnaround CEO in South Africa.

Table 27. Selected words from various determinants: Essential Attributes of the Turnaround CEO as extracted from the determinants.

> → *financially astute, but not a financial director, CFO/CA.*
> → *Excellent communicator*
> → *analytical skills*
> → *brains - most important thing is intellect*
> → *people in the top 2% of the population – what we call a very superior intellect*
> → *able to take those tough, hardnosed decisions*
> → *psychologically ruggedly-minded - take the unpopular decisions.*
> → *not scared to make decisions, and not scared to make mistakes*
> → *arrogance is the death knell*
> → *The guy must have balls*
> → *happy with uncertainty, ambiguity, have a high risk profile*
> → *think short term because the question is "are we still in business next year?"*
> → *you're going to need a lot of cooks to help you make it turn around.*
> → *he has got to have that steely resolve, determination, energy and drive, the passion*
> → *unbelievable attention to detail*
> → *hands on*
> → *stay close to the people*
> → *ruthlessly and unemotionally, take the unpopular decisions*
> → *a true integrated thinker*

5.27.   ESSENTIAL ATTRIBUTES OF THE TURNAROUND CEO IN SOUTH AFRICA

From the interviews, it also became clear that there were themes and attributes that kept surfacing that were very specific to the turnaround CEO in South Africa. Table 28 highlights the issues that need to be dealt with and through that infers what the required attributes of the turnaround CEO in South Africa should be in order to deal with these unique challenges.

Table 28.   Selected words from various determinants: Essential Attributes of the Turnaround CEO in South Africa as extracted from the determinants.

> → *you have got a different historical make up of management and generally in SA and it is not a good thing, the leaders are in management and the followers are the rest. In other economies, there is a far better balance through the chain*
> → *good understanding of the labour situation, what is often a very important issue is how to get the labour behind one.*
> → *SA is difficult, the skills issue is a big issue, gender issue, to do it successfully I think you need to go and employ the people you need, - once you get the business stable you can look at all the extraneous factors*
> → *I think it is peculiar to South Africa because we have these people who have lived through apartheid, coming though their 40s and 50s, and then you have the youngsters coming through, 28 and before, who may not even have voted in the first democratic election*
> → *we have the skills shortage, empowerment is a huge challenge, a massive challenge. You know you have got all the normal things of battling to run the business and then you get this superimposed on the top and quite frankly it just sometimes makes the burden unbearable*
> → *people are much more open to change then they used to be in this country, it is much easier to build a platform*
> → *So you are starting to find a lot more softness. People of colour can almost have a free pass into certain jobs. So the next generation of leaders is going to be difficult. The level of toughness is not there. People will more easily bail, if a turnaround manager comes in*

5.28.   RELATIVE IMPORTANCE OF DETERMINANTS

The number of elements detected per determinant have been multiplied by the number of interviewees (respondents) that have discussed the topic to allocate a weighting. (example: 37 elements x 80% of the respondents = weighting of 2960).This has been illustrated in Figure 3.

Figure 3.   Graph: Weighted Importance of Determinants.
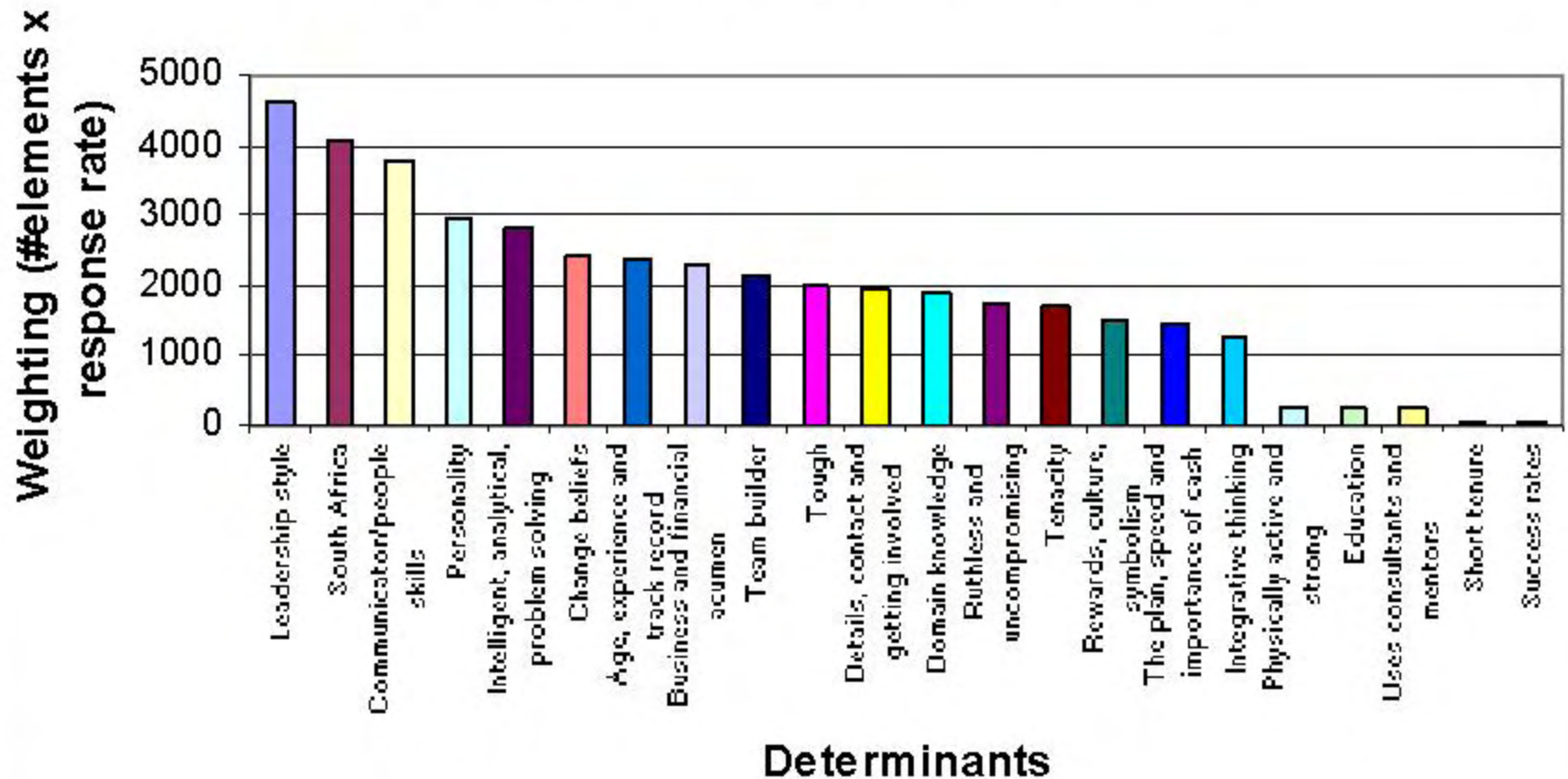
5.29. ELEMENTS THAT INDICATE A DIFFERENCE OF OPINION

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Some determinants appeared to be unanimous in that all interviewees appeared to be in absolute agreement by looking at all the response elements, which supported each other. However, some elements appeared that were not in agreement the majority in certain determinants. Figure 4, below, illustrates that 13 of the determinants had only supporting elements and 9 contained elements that were not seen as supportive (i.e. "The Converse" elements – indicated by the black portion in the bar). The order of determinants and colour coding has been retained to facilitate comparison.

Figure 4.   Graph: % Supporting elements vs % Converse elements.

% Supporting vs % Converse Elements per Determinant
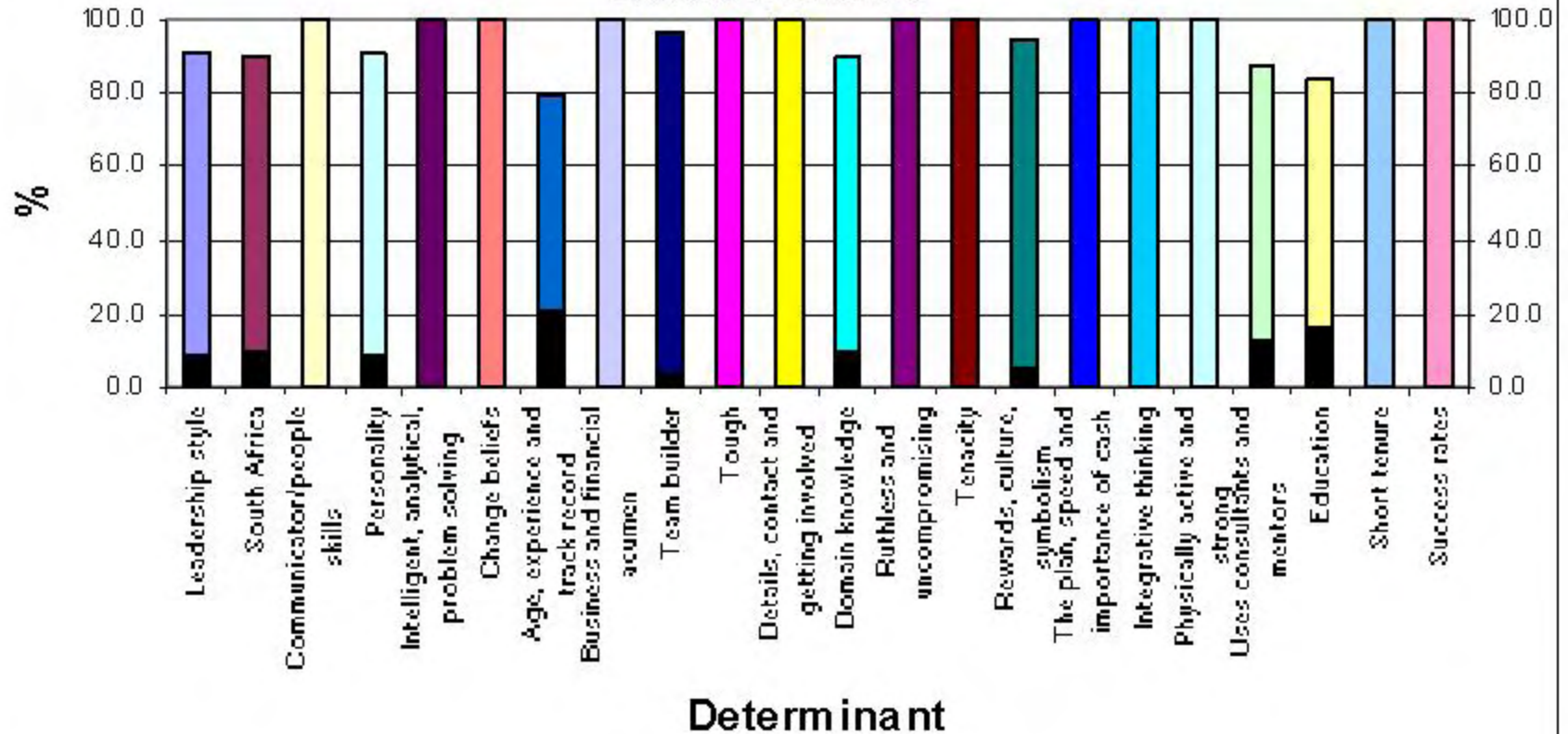
6. ANALYSIS OF THE RESULTS

The results were analysed and interpreted by using the literature (Sections 1 and 2) to address the research question in Section 3: Which attributes are required by an individual to be a turnaround CEO in South Africa?

The elements identified and listed in section 5 have been contextualised by using the framework in this section which was built up in sections 1 and 2 out of the literature.

6.1 THEMES

There was a strong emphasis on the importance of leadership - more specific the fact that turnaround CEOs must be "hands-on" leaders that become involved in detail and engage personally at all levels of the organisation and personally lead the implementation. The findings are consistent with the literature (Nadler and Tushman, 1990; Bertsch and Williams, 1994; Harker and Sharma, 2000; Miller, 2002; Kanter, 2003; Joyce, 2004; O'Kane, 2005).

6.1.1 THE TURNAROUND ARTIST

Another strong theme that emerged was that of the turnaround CEO being referred to as an "artist". Goleman (2000) refers to the term "turnaround artist" within the context of different leadership styles under the heading of "The Coercive Style" (Goleman, 2000, p80) – but does not specifically elaborate or provide his definition of a turnaround artist. When asked, the interviewees were quick to underline the fact

that it is not all based on science and numbers but that there is an element of artistry and that the truly talented turnaround CEOs base some of their decisions on gut feel or a hunch that cannot be motivated with hard data and factual information. The turnaround is therefore not seen as a science only but as a science and an art combined.

6.2   DEFINITIONS AND SUCCESS RATE

6.2.1   TURNAROUNDS DO NOT ALWAYS APPEAR NECESSARY

The definitions of a corporate turnaround as provided by Pandit (2000) and Harker and Sharma (2000) were used as an introductory brief with the interviewees by the researcher. The interviewees concurred that the definitions were accurate, but added from time to time, that some organisations are in need of a turnaround, but may not even be aware of it due to their sheer size, critical mass and decades of profitability despite their own inadequacies.

6.2.2   100 DAYS

The interviewees often referred to the low success rate of turnaround efforts and the general emphasis was on the fact that there has to be a plan and that the plan should be created quickly. In fact, the specific number 100 days or three months to arrive at a turnaround plan to present to the board of directors came out in no less than 4 out of the 10 interviews. The importance of a clearer understanding of the situation leading to an unambiguous plan could not be over emphasised. This is consistent with the literature (Kotter, 1995; Pandit, 2000; O'Kane, 2005).

The researcher did not come across the "magic" number of 100 days or three months in the academic literature, although it featured strongly in the interviews. However, it clearly points to the importance of a speed and that the longer the turnaround CEO takes before implementing a plan, the greater the chances are of failure.

6.2.3   CASH IS AN ENABLER

The importance of cash was also not found in the literature (section 5.11). Cash was cited to be essential in the turnaround process in that it keeps the business afloat, whilst the necessary changes can be made to turn around the organisation. It is therefore important that the turnaround CEO understands this when entering into a contract with the relevant stakeholders.

6.3   THE IMPORTANCE OF LEADERSHIP

The findings are consistent with the literature – especially Nadler and Tushman (1990) who state that turnarounds are frequently driven by new leadership. Of particular importance is Figure 3 in section 5.28, which shows the highest number of response elements related to leadership styles which in turn demonstrates its importance. However, Figure 4 in section 5.29 shows that 8.7% of the response elements disagreed with this finding. Without delving into the details of actual leadership style and behaviour (see sections 6.4.and 6.5 below), these responses essentially pointed out the fact that leadership is a luxury that comes when control exists – which is not necessarily the case during the early stages of a turnaround.

6.3.1 STRONG LEADERSHIP

A few sources (Castrogiovanni *et al*, 1992; Winn cited by O'Kane, 1993) state an inconclusive result whilst the majorities agree that leadership is important – especially strong leadership (Kimberly and Quinn, 1984; Allaire and Firsirotu, 1985; Pettigrew, 1985; Nadler and Tushman, 1990; Harker and Sharma, 2000). The converse response elements in Table 9 do not refer to the importance of leadership but probably rather to the actual leadership style. Thus, in conclusion the research has shown that leadership style is not as important as the element of strength of leadership of the turnaround CEO.

6.4 TURNAROUND LEADERSHIP STYLE/BEHAVIOUR

6.4.1 LEADERSHIP STYLES THAT WORK

More elements contributed to leadership style/behaviour than any other category of attributes. As mentioned in section 6.3 the turnaround CEO must be a strong leader. The style described by the response elements fits the authoritative leadership style (Goleman, 2000) described by the phrase: "come with me". In an earlier publication, Goleman (1998) however states that the coercive approach is a more effective style in times of crises and turnaround. Thus the data from this research is inconsistent with this piece of literature. However, it fits the well-developed Stage 4 leader described by Miller (2000) better in that there needs to be a degree of micro-management and a willingness to become immersed in detail by applying short interval management and control techniques, whilst acting as if personal behaviour

is critical to change success. Personal engagement and the ability to connect with people at all levels in the organisation, combined with a strong self-belief (willing to make tough decisions) are qualities needed in order to lead a team through the highly insecure phases of a turnaround.

6.4.2   TEAM BUILDER

The turnaround CEO was also seen as a team builder who understands how to motivate and reward people. It is also not uncommon for him to bring on board 2 or 3 lieutenants from inside or outside the organisation to form part of the team. It is important for the management team to buy into the plan and support him and this is where the authoritative style (Goleman, 2000) plays a significant role.

6.4.3   MENTALLY TOUGH

An element of tough, ruthless and uncompromising behaviour is necessary. When people need to be removed to enable progress or to assert power and "etch the rules of the game" it is done without hesitation. This is consistent with the writings of Beer and Nohria (2000) i.e. to balance between the soft Theory O and hard Theory E leadership approach.

From time to time the turnaround CEO must act in a cold and unemotional way – motivated by the understanding that the organisation will cease to exist without turnaround intervention when such intervention may call for (what appears as) ruthless and unemotional and uncompromising behaviour. This is consistent with findings by O'Kane (2005), Muczyk *et al* (1998) and Goleman (1998). This is a

perception, which can also be seen that the turnaround CEO must be mentally extremely tough and very dedicated in order to have the strength of conviction to make tough decisions that can affect people in any negative way. The question is simply: Is the turnaround CEO really being ruthless and uncompromising or is he employing some kind of "corporate tough love" in a desperate attempt to salvage whatever he can for all the stakeholders in the organisation?

To lead a turnaround asks of the turnaround CEO to be mentally tough over extended periods of time – typically from 18 months through to as long as 5 years. Some response elements point out the high emotional price paid and painful decisions that have to be made. There were no converse elements and all interviewees responded in agreement. This is consistent with the literature (Beer and Nohria, 2000; Kanter, 2003; O'Kane, 2005).

6.5   TURNAROUND LEADERSHIP IN SA

Attributes such as a working knowledge of labour laws, tax regulations, corporate governance requirements and accounting standards were expected. The insights of the well-experienced executives in terms of the necessary attributes of the turnaround CEO in South Africa specifically were particularly valuable.

6.5.1   ACKNOWLEDGING THE NEED FOR CHANGE

Most interesting were the response elements originating from the older interviewees pointing to the fact that the turnaround CEO must be aware of the need for change in South Africa in order to achieve success. The post-1994 process of change is

unstoppable and should be accommodated. This includes issues such as Black Economic Empowerment (BEE), gender equality and dealing with the ongoing political processes, which certainly influence businesses at every level. One response element in Table 11 emphasised the uniqueness of the aforementioned to South Africa: "(overseas) the guy you box with is your competitor. You don't have to box with the government too!" The aforementioned place an enormous burden on businesses – particularly in a turnaround situation when the priority is survival. These findings were consistent with the literature (Munro, 1997; Denton and Vloeberghs, 2003).

6.5.2   SA-SPECIFIC RESPONSE ELEMENTS

After close to 14 years of democracy there are some unique and interesting patterns (from the response elements) that have emerged, such as:

→ Nobody under the age of 33 has ever worked in a recession because we have had 13 years of growth.

→ The older people in management in their 40's and 50's have lived through apartheid and the youngsters coming through (28 and younger) who may not even have voted in the first democratic election (consistent with Roodt (1997), cited in Denton and Vloeberghs (2003)).

→ People are much more open to change then they used to be.

→ A skills shortage that, when superimposed on top of a turnaround situation, can make the burden unbearable (consistent with Denton and Vloeberghs (2003)).

6.5.3 FOCUS AREA

Despite all the above factors that to a large degree seem unique to South Africa, a very clear sentiment emerged from the response elements in that when the turnaround CEO is tasked with saving an organization from closure all actions to establish stability take president over extraneous factors. All non-value adding or actions that are not wealth creating are placed on the "back burner" (see Table 11 – converse elements).

Figures 3 and 4 however, show the importance of SA-specific elements (rated 2nd overall after leadership) with a very low level of converse elements (9.75%). It appears that the degree of conformance to extraneous factors is dictated by the severity of the turnaround situation. If it were an existence-threatening (Pandit, 2000) situation, focus would be on matters dedicated to the prevention of closure only (at least at first), whilst if it is a situation where a sustainable competitive position needs to be established (Harker and Sharma, 2000; Pandit, 2000) such factors are more likely to be accommodated.

6.6 EDUCATION, EXPERIENCE AND AGE

6.6.1 FORMAL EDUCATION

Formal education has been associated with the cognitive ability and skills to process vast amounts of information and sort out various stimuli (Koufopoulos, 2002). The response elements (only present in 40% of the interviews) were consistent with the literature in this sense. Financial training was seen as essential but preferably not

the only form of education. A multi-disciplinary education in the form of an undergraduate and postgraduate degree was seen to be ideal. Only one converse element (Table 23) was recorded and it stated that it has to be remembered that there are very successful people in the world that are not educated. This is appears to be in line with Koufopoulos' (2002) survey of 47 CEOs (which was not turnaround specific).

6.6.2 EXPERIENCE AND TRACK RECORD

Another element that could increase the success rate of a turnaround is the domain knowledge of the turnaround CEO – i.e. their understanding and experience of "the business of the business" (section 5.15). This does not mean that they have to have specialist knowledge, but it is desirable (but not essential) to have knowledge and experience of the kind or type of industry that they are operating in and that they should understand the "coal face" mentality. The literature states that it is possible that a change leadership framework based on "bitter" experience is and advantage (Miller, 2002). However, it refers more to an individual who has enough working experience to have made a few mistakes with nothing to say about industry specificity. Much of the work done in the literature refers to turnarounds in certain industry sectors such as education, healthcare or banking where it was a basic assumption that the turnaround CEO had a relevant working history and domain knowledge.

6.6.3 AGE

Age was seen as an indication of level of experience and within that context the response elements indicated that the ideal age for a turnaround CEO is between 40

and 50 years old and typically not older than 60 (needs to be fit with high levels of energy) or younger than 35 (not enough experience). A turnaround CEO must have made some mistakes in the past and have lost a few battles, combined with a proven record of accomplishment. Koufopoulos (2000), Miller (2002) and Sonnenfeld (2002) have all argued that there may be a range of age or level of experience, which is an ideal range for an individual to fulfil the role of turnaround CEO. The CEO should be willing to take risks, make decisions and accept responsibility and the right set of work experiences mobilises such attributes.

6.6.4 AVOIDING A CORPORATE BACKGROUND

The converse elements in Table 10 indicate that a turnaround CEO is unlikely to be sourced from the corporate world, which is known to be a more rigid environment that does not necessarily encourage a risk-taking behaviour.

6.7 SKILLS AND TALENTS

6.7.1 FINANCIAL AND BUSINESS ACUMEN

Section 6.6 above mentions the importance of financial education or training. Under the category of skills and talents, financial and business acumen were found to be important (see section 5.4 and table 5). The turnaround CEO must understand the financial implications of all of his decisions – those that create and those that destroy value. More importantly there were no converse elements – demonstrating agreement on this as an essential skill amongst all the interviewees. These findings were consistent with Barker and Duhaime (1997) who made it clear that the

turnaround CEO must be mindful of these factors and implications when implementing corrective measures. Business and financial acumen surprisingly rated only 8th in terms of weighted importance of determinants (see Figure 3). It is however, the top rated skill that is related to formal training. No's 1 through 7 all related to experience, style, behaviour, personality and mental ability.

6.7.2   COMMUNICATION AND PEOPLE SKILLS

Goleman (1998) argues that IQ and technical skills are important but that emotional intelligence is the *sine qua non* of leadership. The highest ranked determinant without any converse elements is that of skilful communication and people skills (section 5.5, Figure 3, Figure 4). This also ties in with the authoritative leadership style discussed in section 6.4 above (Goleman, 2000). The turnaround CEO must engage at all levels – this requires exceptional communication and people skills. This is needed to get different divisions and departments to collaborate (Kanter, 2003). Perhaps under this banner one could rather use the term "emotional intelligence" instead of "people skills".

In addition it must be remembered that communication is moreover about being a very good listener. In order for this to happen, people need to feel free to talk, which in turn means that they should have trust in the turnaround CEO, which can only be established if he or she has good people skills which in turn enables productive, qualitative conversations. A point of interest that was made was that the turnaround CEO must carefully listen to what people are NOT saying – it can sometimes be more important than what is coming from their mouths. This is also consistent with Gatti (2003) who placed emphasis on ability to listen and modify views. Once

employees feel comfortable with talking and communicating it becomes a cathartic experience – they feel relieved because they are able to unload themselves and this in turn promotes more dialogue. The experience is positive given the stressful environment in a turnaround. These findings are consistent with Kanter (2003) and Joyce (2004).

Communication should be aimed at aligning stakeholders and appears to be bias towards managing the board of directors and their expectations, because nothing can be successfully achieved without 100% board support. The message to the board needs to be focussed more on the longer terms versus the shorter term when communicating downward. This requires incredible visibility to all stakeholders – directors, employees, customers, banks etc. These findings are consistent with Kow (2004) and Gavin and Roberto (2005) both sources emphasising the importance of exercising effective and highly necessary communication.

6.7.3   INTELLECTUAL ABILITY

Intelligence, analytical skills and logical problem solving ability have been grouped together as they are interrelated. All interviewees mentioned the importance of these skills and no converse elements were found. The turnaround CEO must have a superior intellect – quoted in Table 27 as "people in the top 2% of the population – what we call a very superior intellect". This is also rated 5th highest weighted determinant in Figure 3. What is called for in the turnaround CEO is a highly intelligent, quick thinking individual with exceptional problem solving abilities. One individual referred to the turnaround CEO as a "unique animal" (see section 5.3) – thus emphasising the exceptionally rare attributes that are required. Gatti (2003)

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refs to Mackay (1999), Editorial (2000) and Maurer (2000) when describing turnaround specialist – very much in agreement with the researcher's findings listed above.

6.8   PERSONALITY AND CHARISMA

6.8.1   TENACITY AND PERSEVERENCE

A personality trait that featured strongly in the response elements is that of tenacity and perseverance. The intensity of most distressed situations requires the CEO to become totally immersed in the turnaround effort to the point where he or she almost obsessively and single-mindedly pursues the objective. Organisations are not turned around in much less than 18 months in most cases and it can take as long as 5 years. Tenacity and perseverance are necessary attributes in order to survive and achieve the goal.

6.8.2   CHARISMA

Energy, drive and passion are contagious and are essential in order to get the momentum going in the right direction. Charisma helps to make a turnaround CEO more effective – especially when selling ideas to stakeholders – but not essential. Fanelli and Misangyi (2006) state that the charismatic CEO has the ability to create strong identification among internal and external stakeholders, which can only assist when the CEO needs to sell the turnaround plans into the organisation, the board of directors and other stakeholders. The literature is thus in agreement with the findings of this researcher.

A strong presence, also referred to a "gravitas" (see Table 14) is important but does not help if the turnaround CEO does not possess the intellect and decision making abilities that are essential in such fast moving and high risk environments. These findings are consistent with Gadiesh *et al* (2003) who state that the ability to communicate simply and effectively is more important than charisma.

6.9   ADAPTIBILITY AND CHANGE BELIEFS

6.9.1   INDIVIDUAL CHANGE BELIEFS ARE BASED ON FRAMEWORKS

Turnaround CEOs generally tend to work within a framework that identifies the different profiles of protagonists and life cycle stages of the organisation. This forms the outline around which the turnaround plan is developed and enables the turnaround CEO to effectively cut through the masses of information that can so easily cause confusion or overcomplicate things. In the interviews it became evident that each has his or her own set of rules, which they tend to apply fairly consistently. However, the common denominators were:

- → Correctly identify the life cycle stage of the organisation.
- → Know whom the protagonists and the stakeholders are and their ability to change.
- → Think short term to get out of immediate crises and only then start thinking about long-term sustainability.
- → Avoid having a long list of things to achieve all at once – keep it simple and add to the list only when it starts reducing.

→ Ensure minimum overlapping of responsibilities.

→ Avoid getting emotionally involved.

→ Create a dashboard to drive the business.

The findings were consistent with Adizes (1988), Miller (2002), Kanter (2003) and O'Kane (2005).

6.9.2   INTEGRATIVE THINKING

With the above comes the attribute of integrative thinking (Table 21). The turnaround CEO has to go about his task in a logical and structured way – but it has to be integrative. By this is meant that the business needs to be broken up or "chunked" (Table 21) so that focus can be given to the different aspects that need attention, whilst understanding the components influence each other and that they are interrelated. These findings were consistent with Kow (2004) – also see Figure 2 in section 2.8 – and Kanter (2003).

Integrative thinking and integrative measures also point at the turnaround CEOs awareness of rituals, symbolism, language, myths and saga's as well as values and norms according to Higgins and McAllaster (2004). From the data this can be observed as examples of certain actions where the turnaround CEO:

→ Broke down office walls to promote communication.

→ After cost cutting and retrenchments, re-launched the company to signify a new beginning.

→ Arrived at work dressed in jeans and sneakers to break a conservative and rigid culture.

→ Changing the environment and making employees proud of who they were.

→ Promising and delivering exceptional rewards for exceptional performance.

One converse element in Table 18 (5.3%) stated that these particular issues are not relevant. Again, the researcher believes that this could be the case if the particular turnaround situation is so dire that it simply does not allow for such approaches – perhaps with a closure rather than a turnaround. The counter argument is simply that no turnaround CEO will achieve the goal on their own - the necessary levers are there to be used to mobilise the people. A coercive leadership style supported by legitimate power can possibly achieve the desired results, whilst the authoritative style has the most positive effect on climate – the literature is quite clear about this (Goleman, 1998; Goleman, 2000; Muczyk *et al* (1998) as cited by O'Kane, 2005). On legitimate power, Hambrick and Fukutomi (1991, p727) also state: " a "turnaround" CEO could be brought into a troubled company and given immense initial power to make changes."

6.10 VARIOUS INTERESTING FINDINGS

6.10.1 PHYSICALLY ACTIVE AND STRONG

A finding that was not encountered in the literature originated out of a set of response elements present in 50% of the interviews was the attribute of physical strength and energy (Table 22). In fact one of the interviewees stated that based on his experience the most popular sport amongst turnaround CEOs in SA is cycling. The perceptions were that strength of mind and mental robustness go hand-in-hand with physical fitness and physical strength. Although not surprising, the finding is

interesting from the point of view that it was a prominent enough element to warrant attention in this document. The turnaround CEO is subjected to prolonged periods of extreme stress, mental battering and intellectual demands – the most effective way of digesting such circumstances, it appears, according to the well-experienced executive, is by rigorous physical activity.

6.10.2   THE USE OF CONSULTANTS AND MENTORS

Another interesting finding originated from 30% of the interviewees – and that was the regular use of consultants and mentors (Table 24). The emphasis was more on the use of mentors and the importance of tapping into the wisdom of people with more experience. This is the case in normal circumstances and appears to carry greater importance when it comes to the turnaround. One converse element also made it clear that the use of consultants can cost a lot of money for little or no return. The researcher understands these points of view and certainly agrees wholeheartedly with the use of mentors. The use of consultants should be case specific.

6.10.3   TENURE

Turnaround CEO also tend to have a relatively short tenure – mainly due to the demands on them as person (it is not sustainable) and their personalities which appear from some of the interviews to be the kind of person that may easily become bored if not challenged continuously. The literature states another case which is that turnaround CEOs usually do not survive turnaround efforts as they come across inflexible and cannot live down the distrust that their ruthlessness has earnt them

(Beer and Nohria, 2000). However, two of the interviewees mentioned cases where leaving the companies after performing a turnaround was against the wishes of the board of directors and their employees – but it was nevertheless "the right time to leave". Perhaps the typical turnaround CEOs personality profile is such that he or she needs such an environment to remain challenged and stimulated and perhaps this is some form of urgency addiction.

6.10.4 IS SA CULTIVATING SOFT MANAGERS?

The last response element in Table 28 is predictive, concerning the next generation of management in South Africa. The statement was made that people of colour almost have a free pass into certain jobs and that it has created softness. There is a certain level of toughness that comes with paying your dues before progressing and it is not there. The implication is predicted that people will more easily leave the organisation when the turnaround CEO arrives in distressed situations. This could form the basis for an entire study on its own. South Africa seems to be cultivating soft managers.

6.10.5 CONSISTENT DATA

Figure 4 is interesting in that not one determinant contained a large split in opinion. The largest percentage converse elements were present in the determinant of age, experience and track record – still only 20%.

6.11 DIFFERENCES IN FIRM AND INDUSTRY TURNAROUND LEADER STRATEGIES – A SURPRISING FINDING

The sample population was one of convenience (see section 4.4), so the specific backgrounds that were required for this research project revolved around age and experience at executive level. The specific working history and experience with turnarounds did not form part of the population criteria. By chance it happened that one of the interviewees was personally involved in turning around his own sizeable organisation from an industry-based decline and another involved in turning around his own organisation from a firm-based decline.

6.11.1   TURNAROUND FROM AN INDUSTRY-BASED DECLINE

This turnaround was consistent with the literature in that it often makes sense to retain a more experienced leadership team and CEO in order to turn around the decline (often the case in cyclical businesses) when it is as a result of factors outside of the firm. In this case the organisation was (and still is) a prominent player in the IT industry when the entire industry collapsed worldwide and the existing management team at the time turned it around. This happened between 2001 and 2004. There is firm agreement in the literature with this kind of turnaround strategy (Arogyaswamy *et al*, 1995; Pandit, 2000) and this was a solid case to substantiate it.

6.11.2   TURNAROUND FROM A FIRM-BASED DECLINE

This specific interview resulted in very surprising discovery. Contrary to the literature (Hofer, 1980; Arogyaswamy *et al*, 1995; Harker and Sharma, 2000; Pandit, 2000;

Clapham *et al*, 2005) that states that CEO replacement has much to do with the success of a turnaround in the case of a firm-based decline, in this case, the same CEO that managed the organisation into trouble (by his own admission) also managed it out of trouble. Gatti (2003), quotes Brenneman in 1998, the former chief executive officer at Continental Airlines, as saying that he had never seen the team that managed the company into a crisis get it back on track. Managers who got the company into a mess are usually mired in a puddle of over brained solutions. They do not see any way out and have many ways of saying that if the solutions had been simple, they would have already thought of them (see section 1.1).

In this case the interviewee accepted responsibility for leading his own organisation into a state of distress. He ascribed his own arrogance as the major cause of bad management decisions. He had built a very successful organisation in a short period of time [the organisation was in the Adizes (1988) "Go-Go" phase (see Figure 1, section 2.1)] and the board of directors and shareholders (it was a publicly listed company) trusted him with any decisions he recommended as he was seen to have the proverbial "Midas touch". After all he could not do anything wrong. This is consistent with the literature (Hambrick and Fukutomi, 1991) where they state that the power of CEOs increases during their tenures and even co-optation of the board of directors can occur due to such power. The power can be derived from cumulative success, or substantial track record (Hambrick and Fukutomi, 1991), which is exactly what happened in this case.

The bad management decisions started manifesting themselves in the financial and operational performance of the organisation and it was not long before shareholders were asking difficult questions and demanding his resignation. He held them at bay

whilst ignoring the signs of the oncoming distress while (unbeknown to himself) he was on his way to losing his job.

However, it was at this low point and after a long period of ignorance and denial that it dawned upon him that he was the root cause of the problem. With the help and guidance of much older and more experienced mentors he changed his management approach and attitude and made the process of management and decision making far more inclusive and participative. Through intense communication with all stakeholders (the importance of communication has already been discussed in section 6.7) he managed to retain his job and turn around the organisation.

This case was an exception when considering all the sources of literature that state that CEO replacement is the preferred route towards success in the turnaround of firm-based declines (Hofer, 1980; Arogyaswamy *et al*, 1995; Harker and Sharma, 2000; Pandit, 2000; Clapham *et al*, 2005).

Hambrick, Finkelstein and Mooney (2005) cite Camerer and Lovallo (1999) who suggest that executives sometimes underestimate the relevance, importance and power of critical stakeholders as well as cases of executives who ignore the numerous signs of the oncoming distress and even while it happens and then still deny to themselves that it could be happening.

The successful turnaround of this organisation could, in the researcher's opinion, not have happened if it were not for the advice and guidance that this   CEO

(interviewee) received from his mentors (see section 6.10 for more information on the use of mentors). The use of mentorship cannot be over-emphasised.

Perhaps this has created an opportunity to search for the exceptions to the literature consensus and study the attributes of turnaround CEOs in firm-based declines where there has not been a CEO replacement.

7.   CONCLUSION AND RECOMMENDATIONS

The purpose of this research project was to employ qualitative methodology to determine the attributes of the turnaround CEO in South Africa. The methods employed were based on the work by Glaser and Strauss (1967), Saunders, Lewis and Thornhill (2000), Zikmund (2003) and Marshall and Rossman (2006) Transcripts were made from the recordings of the in-depth interviews and analysed in order to identify the main determinants relating to the research question and the response elements that support and do not support (the converse elements) these determinants.

The data obtained across all the determinants was consistent with little or no converse elements and with most determinants being consistent with the literature.

The success rate of turnarounds in South Africa remains low and internationally the literature supports this (Harker and Sharma, 2000; Pandit, 2000; O'Kane, 2005). There is no quantitative information available for turnarounds in South Africa. The definitions of a turnaround cover a wide range of conditions, which would further complicate an effort to establish such data. The comments that organisations that are in need of a turnaround my not be aware of it due to hubris or arrogance was often encountered. Harker and Sharma (2000) is the researchers preferred source of a definition of a turnaround due to its simplicity and applicability: It's the process that takes a company from a situation of poor performance to a situation of good sustained performance. The researcher would like to add to this in the following manner: … regardless of where in the organisational lifecycle the company may find

itself. A turnaround may be staring an executive in the face without him realising it (Goleman, 1998).

The highest weighted determinant was that of leadership style. Issues related to leadership enjoyed the most attention from the interviewees. This was consistent with the literature (Nadler and Tushman, 1990). An interesting observation was that of the converse elements. What has emerged from this is that leadership style is less important than the issue of leadership itself. In fact, there is evidence that there is confusion about importance of leadership in the literature. Winn (1993), cited by O'Kane (2005), speaks of turnaround managers and not turnaround leaders. Kotter (1995) understands this difference and substantiates this by stating that failed turnarounds are due too to many managers and not enough leaders. Perhaps until now, boards have been appointing turnaround managers who lack strong leadership qualities.

When the turnaround situation is absolutely desperate i.e. the organisation is a step away from imminent closure the most effective leadership style is the style referred to by the interviewees as; *leadership is only an issue when control exists,* which implies without a doubt, that what is meant is a strong coercive leadership style necessary to establish control (extremely short-term horizon) – which in fact IS all about leadership and a leadership style (Goleman, 1998; Goleman, 2000; Hambrick and Fukutomi, 1991; Hambrick *et al*, 2005).

When the turnaround situation is subtler and not as desperate and there is no or very little possibility of a looming closure, Beer and Nohria's (2000) balance between Theory E and Theory O, Miller's (2002) Stage 4 and even Collins' (2001) Level 5

leadership styles start playing an increasingly important role. These turnaround leaders have a longer horizon and dedicate more attention towards sustainability after the turnaround and the researcher's guess is that the less severe the turnaround effort required is, the longer the turnaround CEOs tenure will be – this would be an interesting phenomenon to research (more about that in section 7.1).

In the South African context there were some interesting issues that emerged from the research. These included the post-1994 challenges that obviously play an important role in any organisation, not only in turnarounds. These include BEE, the Employment Equity Act, No 55 of 1998 and the imbalance between a still predominantly white management minority and the predominantly black unskilled majority (Munro, 1997; Denton and Vloeberghs, 2003). Again, it appears that when the situation is desperate the aforementioned issues have to be put lower down the list of priorities in order to avoid closure and focus only on value adding plans and activities. The shift towards globalisation (Goodman, 1995 as cited in Denton and Vloeberghs, 2003; Buckingham, 1997) was not a topic that emerged strongly from the research – surprisingly so. This could possibly be explained by the fact that the focus was on the attributes of the turnaround CEO and not on the reasons why turnarounds need to take place.

Staying in the South African context, what was of great interest, was the generational differences that are posing a challenge for turnaround CEOs in current times. Management are of the age where they are likely to have experienced apartheid, recessions and boycotts. Upcoming youngsters have not. This poses the question: How well are tomorrow's business leaders equipped to deal with economic, political and industry challenges? In addition, people of colour have been

given a free pass to certain positions under the flag of affirmative action and BEE. When things get rough the research showed that these people are likely to leave rather than stay on in an organisation and withstand the pressures of challenge and hardship when a turnaround CEO arrives on the scene. Coupled with the skills shortages in South Africa, it makes it easy for people of colour to move around because they are in demand. This is reason for concern and needs to be investigated further.

Apart from what has been mentioned already in section 7, the essential skills and talents that must form part of the turnaround CEOs attributes, have been identified from this research as follows:

→ Financial astuteness.

→ Excellent communication skills and emotional intelligence and engage with people at all levels.

→ Team builder.

→ Exceptional intelligence and well developed analytical skills and an integrated thinker.

→ Willing to make decisions and take risks and accept responsibility for those decisions – i.e. combined with self-belief.

→ Understand when it is necessary to be tough, uncompromising and ruthless – justified by reasoning based on saving the organisation from closure.

→ Mental toughness and tenacity.

→ Hands-on and a keen eye for detail.

The above attributes have all been substantiated by findings in the literature. The interesting findings that were not substantiated by literature and not already mentioned in this section were:

→ Physically active and strong. The only way that any individual can handle prolonged periods of extreme stress is by being physically in good shape. This emerged quite strongly from the research and although interesting in that it was not encountered in the literature, in the final analysis it is not really surprising.

→ Uses mentors extensively. Making use of the wisdom of more experienced people can only be beneficial to the turnaround CEO – more so, the younger he is. This research finding is also interesting in that it was not encountered within the context of attributes of the turnaround CEO.

One of the most surprising findings was the turnaround of the firm based decline by the original CEO. This was in contradiction to the literature (Hofer, 1980; Arogyaswamy *et al*, 1995; Harker and Sharma, 2000; Pandit, 2000; Clapham *et al*, 2005), that states that CEO replacement is the preferred route to successful turnaround and the words of Brenneman in 1998 (section 6.11.2) that completely excludes the possibility based on his own experience. This case ties in with the importance of mentorship. The research showed that the CEO had to rely heavily on various mentors to guide and advise him through a successful turnaround after leading the organisation into trouble – essentially due to his own arrogance. This may have been one of very few exceptions but it can only be said with a degree of confidence once research aimed at specifically focussed at identifying turnarounds without CEO replacement that may have taken place.

7.1   FUTURE RESEARCH

The field of turnarounds and any matters relating to it can accommodate a vast amount of new research. The following areas could form the basis of future research:

→ What is the success rate of turnarounds in SA within envelopes of varying degrees of severity of levels of distress? Turnarounds should first be graded into levels ranging from the absolutely desperate situations that face imminent closure through to situations that are mild, even subtle, perhaps such, that the existing management deny the need for a turnaround. Thereafter the success rate of the various turnarounds can be determined and checked for correlations.

→ Tying in with the aforementioned, research can be conducted with the aim to determine if CEO tenure can be related to turnaround severity.

→ Research the psychological profiles of turnaround CEOs in South Africa and compare them with international results. This can also be categorised by age groups, say 30's, 40's, 50's, and 60's.

→ Research turnarounds where outsiders with no domain knowledge or past experience in the industry have been brought in and compare the success rate with turnarounds where the CEOs had significant domain knowledge.

→ Research companies that are listed on the JSE for possible turnaround characteristics – i.e. who are in need of a turnaround and do not even realise it! This could be useful to industries such as private equity (who essentially do just this) and certain types of investment funds.

→ Research into investigating and defining the whole "turnaround artist" concept. I.e. why exactly are they called artists? Perhaps there are some more intangibles that need to be discovered.

→ Research into the issue of the "ruthless and uncompromising turnaround CEO". Are they really ruthless and uncompromising or is it merely a *façade* that enables them to do what their intelligence and experience tells them to do in order to turn the organisation around? Or is merely the ultimate form of professionalism? After all, if the bloodshed is required why be negative by looking at the jobs that were lost instead of the jobs that were saved?

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Appendix A: List of Interviewees

Attributes of the turnaround CEO in South Africa - List of Interviewees					
Name	**Age**	**Company**	**Date of Interview**	**Designation**	**Size of organisation or assets under the individual's control**
Geoff Baars	75	Norton/Stewart's and Lloyds/GCBaars Group of Co's	06-Jul-07	Chairman and founder of the GCBaars Group	FY06 Revenue of +/- R100 million. Headount 80 - 100.
Thys de Beer	60	Nordberg/Metso Minerals/Terex	09-Jul-07	CEO	FY06 Revenue of +/- US$7.6 billion+. Market Cap approx US$ 50 billion.
Herman Singh	46	GEC/Siemens/SBSA	14-Jul-07	Consulting, directorships and experienced in turnarounds. Currently CTO.	FY 06 Assets R 970 billion +. Headount 42000. Market Cap R129 billion.
Harry Coetzee	52	Dorbyl/Toyota/IST Group	14-Jul-07	CEO	FY06 Revenue of +/- R700 million. Headcount 450.
Trevor Woodburn	67	Woodburn Mann and Assoc. Executive Placement	23-Jul-07	CEO and founder	n/a
Jeremy Ord	50	Dimension Data	30-Jul-07	Executive Chairman	FY06 Revenue of +/- US$ 3 billion+. Headcount 9000+.
Lindsay Robertson	59	FRM Strategies	31-Jul-07	Turnaround CEO for 25 years. Director FRM Strategies	Variable. Most cases co.'s with revenue in 100's of milions +.
William Kirsh	46	Primedia	02-Aug-07	CEO	FY06 Revenue of +/- R2.7 Billion. Market Cap R6.5 billion. Headcount 3000.
Alistair Moffat	64	FRM Strategies	06-Aug-07	Principal of FRM Strategies - turnaround specialists	Variable. Most cases co.'s with revenue in 100's of milions +.
Eric Ellerine	73	Ellerine Bros	02-Aug-07	Chairman and founder of Ellerine Group of co's	Currently 11 Employees. Assets under control = R5.4 billion. Before retirement Revenue R2 billion +. Headcount 8500.

Appendix B: Pre-interview information pack.

Letter of Introduction:

PO Box 4014

Dainfern

2055

CompanyName

Month day, 2007

Email: xxxx@yyyy.co.za

Dear Mr. XXXX:

ATTRIBUTES OF THE TURNAROUND CEO IN SOUTH AFRICA

I am conducting research in an effort to better understand the attributes of the turnaround CEO in South Africa.

This is a topical issue in South Africa at the moment, given the level of activity by, amongst others, private equity in taking existing entities and turning them around in order to realize greater potential. These entities could be organisations that may be in a state of decline or simply underperforming and where increased performance and value can be realised.

Your experience will be of great value to the research, and I am thankful that you have agreed to be interviewed on the topic on Day, date, month, 2007 at time (venue address).

The findings will be included in my research report to be submitted to the Gordon Institute of Business Science (GIBS), University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

I expect the interview to last approximately 1 hour (give-or-take) - it is intended to be an in-depth discussion on a semi-structured basis. Attached, you will find a guide to the rough structure of the interview. There will not really be any "questions and answers" such as traditional interviews but it is my intention to cover the issues brought out by the attached guide. This provides you with the opportunity to give it some thought before we meet.

I give you my understanding that all findings will be treated with the utmost confidentiality. Interview transcripts will not be included in the findings. No source, individual or organisation, will be identified nor any comment attributed without express permission of the originator. All participants will receive a copy of the report.

Attached, also please find a letter from the Gordon Institute of business science confirming my status as student.

Should you feel the need for further discussion before committing to an interview please feel free to contact me at:

Mobile +27 83 459 2411

Private email: raffles@telkomsa.net

Business hours email: peterv@atoll.co.za

Business hours tel: +27 11 381 5336

Yours sincerely,

Peter van den Steen

Pre-interview Guideline :

Pre-Interview guideline – Attributes of the turnaround CEO in South Africa
o Introduction and general discussion - researcher
o Defining turnaround - researcher
o Demographic info such as Date of birth, Schooling, Tertiary education.
o Brief overview of your career (max five minutes), and then current activities?
o Ever been involved directly or indirectly in selecting an individual to perform a turnaround?
o Describe a turnaround scenario in your career that you may be familiar with.
o How would you go about selecting a turnaround CEO now?
o How important do you regard leadership to be in a turnaround and, if so, what leadership qualities are important?
o What kind of training is required in your opinion? Any formal educational requirements?
o Do you think age plays a role? Younger vs. older. Does age have an impact on a turnaround CEO effectiveness?
o Is there anything specific you would look for in a turnaround CEOs background?
o Skills and talents that are required?
o Are there any skills and talents related to leadership (in general) that should be avoided in the context of the turnaround CEO?
o Personality traits that are <u>essential</u>?
o Personality traits that should be <u>avoided</u>?

o   Any general attributes (outside from what has been mentioned above) that are absolutely essential? In other words, what would you describe as critical tickets, without which a person "cannot get onto the turnaround CEO Bus"?

o   What would make one turnaround CEO, better than another (i.e. additional distinguishing attributes)?

o   Are there any attributes without which it is not possible to be a turnaround CEO, specifically in the South African context?

o   Does the South African business environment pose any further unique challenges as opposed to the greater general international arena?

Appendix C: Post-interview Letter

PO Box 4014

Dainfern

2055

raffles@telkomsa.net;

peterv@atoll.co.za

Tel: (011) 381 5336

Mobile: 083 459 2411

Company Name

DATE

Email XXXXXXX

Dear Mr. XXXXXX:

ATTRIBUTES OF THE TURNAROUND CEO IN SA – POST-INTERVIEW.

I would like to take this opportunity to thank you for making available the time to be interviewed on XXXXXXXXXX. Your insights will most certainly make a significant contribution to my research findings and for that I am truly grateful.

Once my research has been formally acceptance I will see to it that you receive a copy of my dissertation. I expect this to take place in the first quarter of 2008.

Yours sincerely,

Peter van den Steen

Appendix D: Interview Data Analysis

INTERVIEW DATA ANALYSIS										
RESPONDENT NUMBER (created from a random number generator)										
Category, Theme, Pattern or Trend	**26**	**35**	**60**	**47 (turnaround from a firm based decline)**	**63**	**40**	**22**	**45**	**52**	**81 (turnaround from an industry based decline)**
"Theme" for turnaround CEO	Maverick with single-minded focus	Parachute Artist with an element of ruthlessness	The turnaround Artist - its more than just science	Decision maker with humility	The Hands-on Leader with good "people skills"	The Hands-on Leader with attention to detail	The Hands-on Leader that is performance focussed	"Unique Animal" that listens before making decisions	The turnaround Artist that can be creative	The Hands-on Leader with attention to detail
Education			display a high level of credibility, which often means they have to have had a good education as well, it is a multi-disciplinary kind of education	there are a lot of people in the world that are not educated that have done exceptionally well, but I think having a degree is going to help you, it's going to help you	And education is important. I find that. In the end the best people that I got were well educated, typically an undergraduate and a post graduate degree.			Financial training to my mind is there very important		
Turnaround success rates					There were businesses that were doing exceptionally well and other businesses that had to be turned around and unfortunately in my experience we didn't have the big success rate in turn around.			I hope you realize what you are in for – there aren't many successful turnaround CEOs		
Financial Know-how, business acumen and entrepreneurship	you had to be financially astute and competent	If you don't have a good financial feel, you are not going to fix. You have to understand the numbers.	must have exceptionally good business acumen	good experience in business	I don't have to be an accountant, but you have to know enough about it, about bookkeeping and accounting to understand what has to be done	The biggest single thing you need of your questions here, in my mind, if you have a geared company, the standing of the financial implications of their decisions	coming back to why do businesses fail? There are lots of predictors for when things are heading in that direction, and they're all cash flow related predictors by the way	I say, finance, financial training, being able to read a balance sheet and have your financial acumen	Now chartered accountants are fine, but you get to the point where if every Managing Director in every ... company is a CA, you get the strangulation of the company by analysis! It is analysis paralysis.	rigorous scrutiny of all aspects regarding the finance side

		it is a guy who has got either a financial background or a technical background with financial		got to be commercially minded, I don't' think you don't need an MBA, but you need to know what creates value and what destroys value		Your working capital drives your business, your decisions go around there and your cash flow	I think you've got to be able to understand all aspects of business, whether it's financial…	finance is no. 1: you need financial guidance to see what profit is all about and how to make profit	CA's are very valuable people; when I worked for … were both CA's. But they were entrepreneurs	I would always go with a turnaround guy who has very strong financial control. Cost control, putting procedures in place, those types of things. Not a marketing guy
				You must understand that last two required capital that we did not have. So our initial … were driving really the first three, particularly the innovation leg became really innovation-centric, and we created some outstanding innovations which created a lot of value to us over the years. So when we started to have a more sound balance sheet and cash flow, we started to make some acquisitions		So we were borrowing money against (our) suppliers.	I brought a lot of basic strategic thinking to the business, which has actually shifted the paradigm completely in the whole business	I think finance in business, is what it is all about. That is the bottom line.	if I was looking for a turnaround CEO, if a CV landed on my desk and the gentleman had worked for Barlows or Anglo American for 20 years, I know he is gone, he is dead	
						When it comes to turnaround, at the time when you have got to make these very tough decisions, at the time it is most important that you understand the financial implications of your decisions. Every single decision you make		Knowledge, mostly in the financial field, experience, the track record and proven ability	So without money you don't do nothin' pal. But on the assumption you have got money then everything we have been talking about applies.	
						somebody who is financially very competent				
						I would bring in somebody who is financially very astute, but not a financial director				

Team Builder										
	I got a box of Champagne from the Germans and I gave it to the staff	It is what is the plan, do you guys understand why I got to this, do you agree with it? Let's go do this and we are all going to be a roaring success.		a very humble guy, although he had some big problems along the way, but he managed to get out of them and he's build a marvelous company today,	because if you think that you are going to come in a do it on your own, you haven't got a hope in hell	it wasn't me, it was us	and I got a very good FD in		I knew at the back of my mind who that person was going to be and I employed him. Now he was in his own business, he ran his own business and I said to him 'find someone to run your business, I need you to do something I know will give you more satisfaction than you are getting in your own business.' And I lured him, he came. And the two of us set about	I have tried to surround myself with likeminded people
	he has got to be able to pick the right people	Everybody has to buy into the plan		extremely open to what other people are telling you and thereby you are checking that the path that you want to go on is the correct path	it is the question of having the right type of people	And I would look at a team, not just one guy	he and I had been a fantastic team			to a man every one of them said 'we are in this together, let's put some structure into the business units we have and let's see if we can get it back on its feet.
	I had already figured out who my next row of lieutenants were going to be. The minute I had the mandate I immediately announced the retrenchment, got rid of the guys I needed to get rid of	to be able to pick a few key guys around there that I can trust and they wont lie to me and who wont white ant me		if you're going to turn around a company you're going to need a lot of cooks to help you make it turn around. It's a lot easier to build a company around one individual. It's very difficult to turn around a company around one individual	I am a great believer that when you want to do something, you poach the right type of person		Did you bring on board anybody else? Ja, I've replaced myself at … with a guy who's very experienced			
	We put together a team from within the company but was not recognized by management as leaders.	normally brings two or three guys with him, his kind of lieutenants who come in to the business with him		This is where we had depth of management; this is where we had some credibility			changed the Managing director...so the calibre of the management's improved			
	It was astonishing, and the minute we did that people forgot about the pain, people forgot about all the retrenchments and all the hassles and difficulties we went through. It was a kick off of the new.						Now you need a management team to implement that strategy which means you have to look for accountability and responsibility			

	every month we had a piss up session with all the staff, we celebrated all the successes.						So it's important to have a coherent management team where the responsibilities - all the bases are covered, well covered and not overlapping		
	I delegated responsibly for success down the organization						If I go into a team and I see those 2 guys don't get along, I'll talk to both of them and find out and sometimes you can repair the ground		
	a guy who can very often work on his own with thinking and planning, but then can inspire others – so a team player in that sense								
Skilful Communicator/People Skills and emotional intelligence	you get the mandate, get the stakeholders aligned – it is more about managing up than down	the key issue, absolutely the key issue, is 100% board support. If the board doesn't back you fully, you are dead	One has got to have good negotiating skills, clearly; and the ability to tell people the rationale and the reasons why these actions are vital for the survival of the organization	I had to do a lot of talking to a lot of people.	You have to have the right relationships with your bankers, you have to be open with them, you have to show them, you mustn't bull dust them; you must give it to them for better or for worse. You must give it to them as it is	So we said there are two things we are going to do: we are going to make it work and then we are going to tell these people. And we would have management meetings and downhall meetings and we would have them in the canteen, and then that was shut down so we would say bring your chairs and say 'look guys'… and they had accepted the situation by now	we'd fan out and go talk at all levels and confer regularly with each other and as the information we gained was accumulated, we'd take that and play it back to management and say, does this sound right?	it must be straight, down the line and you can't be emotionally involved	has to be expressive and articulate, he has to be persuasive	communicate with them as much as possible, get them hopefully to believe that within a couple of years we will be strong again
	I would listen to any idea and my door was always open. I broke down my office and it did not have a door.	You don't do those things as a CEO on your own; you get out of there and say to the caucus of the board		You know a big part about leadership is managing emotions, managing your own emotions and managing other people's emotions	If you are not communicating, you are not explaining the problem, just telling them fix it without them understanding why they have to do it, they are not going to do it.	But we kept giving them all the good news. There was no cash to give though	And it's also a cathartic release for me, because when we come in they say "thank God somebody wants to listen, I feel nobody here wants to listen".	He must be a communicator and he must be able to convince people, that sort of thing	Now if he really believes that is what needs to be done to fix it, and he can articulate that, believe me, the belief will spread and if you get everybody believing in something and going forward, it will happen, it will happen	the biggest single issue was to deal with the disillusionment of people

	Half way through the change program it looks like a failure. Because remember you go down before you go up. You have to be an incredible sales person because it is always darkest before dawn.	you need to know, down to at least the middle half of the triangle, everybody needs to be on board, and that is quite tough, to get everybody on board with a plan and a strategy		when you're wiser you better understand how to manage peoples' emotions, be in synch with them, because at the end of the day, all our actions are a product of our emotions, that's what it is, whatever we do, ok, and there's a very kind of simple paradigm about how we live our lives, our thoughts, our emotions, our actions, that's life	There is a time where you have to firm and there is a time where you have to realize where you have pushed people to far and there is a time where you realize that people are not being pushed, they are just ambling along. So you have to be able to judge individuals and judge situations and apply things accordingly	Every Monday morning at 6.00 in Tulsa we dial in and the guy in SA who is 7 hours ahead and Europe was about the same and for the guys in Australia it was like about 8 at night but every Monday morning we would have a tele conference.	Ja, and then to be able to listen to people at different levels and make sure you can understand and interpret accurately what they are saying	A good turnaround CEO listens before he makes the decision or takes the steps	So you have to sell it to every single stakeholder including the banks? The bank, the community, government bodies, the lot	young people opportunities, I mean there are a lot of…I have always tried to find wonderful people, people skills and people persons
	manage upward			managing your emotions whether you're a turn around specialist or an entrepreneur or any type of … is a key dynamic for success			Sometimes it's what they're not saying that can tell you a lot and it's to be able to identify that there's something here and I need to try and get to the bottom of it. So people skills like that are really important.			
	one message upward which is more long term, and one downward which is more short term, which means you have to be incredibly visible to the guys at the bottom and you have to be incredibly visible to the guys at the top. But you are sending different messages each way.						talk to a guy in an area, and start asking the right questions, and listen to the response which will get you the solution of the problem, or identify what the problem is			
							business review process which was very qualitative talking to people. You see the business through the eyes of the people who are working there. I said earlier it's a cathartic experience for them. They'll unload themselves			

							If somebody brought a crises to me, I'd listen, I'd sit him down and I'd say "tell me about it, is there more, what else, ok, let's think what we can do. How do we buy some time on this, how do we drop the pressure, what are our options, what... the alternatives. Let's think about it, tell you what, come back and talk to me tomorrow". If there was some time, I would always send them away and they'd go back and I know they'd say "whew, that was nice, you know, it wasn't as bad as I thought".			
Intelligent, analytical and logical problem solving ability	you have to figure out the problem quickly, figure out the solution quickly and action incredibly fast	if you don't have good analytical skills you are never going to be able to do it. You have got to be able to take that mass of data and say 'okay, what does all this stuff mean?	get someone who can go in there, who has got the intellect to see the broader picture	making clear internally and externally where Prime Media was going	I go for a solid, reliable, intelligent type of guy	your key indicators drives your business' and specially in a difficult situation you must look at all your standard key indicators	to be able to think on your feet.	must be able to give an objective assessment of the situation	Do you think intelligence plays a role? Ja, I think that goes without saying	we had to go back to basics and start again and look and re-examine the model, the losses, and regenerate the business
		and if you are not highly analytical you will be well out of those three months before you know what is going on	still have to have certain inherent qualities, the leadership, the assertiveness, the intellect	My turn around strategy was a very simple,	There are exceptions where you might take guys with a matriculation or even a JC but they just don't have the intellect and the knowledge to do it. You have to get a guy that can think and that can accept responsibility.		Obviously you've got to have a certain intellectual ability, the psychometric stuff, you've got to score well on the tests, ability to think logically.		you have to have the intelligence, there has to be that latent brain power that is going to analyse what is wrong	
			Balls, brains and personality, and what do we mean by that: Balls means energy, drive and passion. Without balls you can't make it happen so the guy must have balls.		When you want to do a turnaround, you have to analyze the problems and see what the hell is going on in the company it is no magic wand. What you then have to do is chunk it and then focus on the different aspects of the business that are not going right.		He was an able guy and he grew up in a very business-oriented family, the smartest guy I ever came across actually		I think it is not so much intelligence as being able to think out of the box.	

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			brains: if you don't have enough to cut through and get to the very essence of the issue then you are not going to do so		The guy has to come in and take a step back and he has to look and see what the problems are		Derek Keyes was an amazing guy and unbelievable intellect		It took ... exactly 48 hours to say to them 'guys, if this isn't a turnaround, I don't know what is'. It was so stuffed, it was three months from liquidation	
			Passionate about what he was doing, incredible intellect, dour personality		the first thing you do is to analyze the business and it could take a month, it could take two months, it could take six months depending on the complexity		get in and identify quickly what the points of crisis are, or what's happening to cause the problems and address those issues, or the most important issues		if you want to get this right you can get it right quickly, but this is what you need to do'	
			most important thing is intellect; when we test people we look for people in the top 2% of the population – what we call a very superior intellect		without the right diagnosis, you cant fix it		Obviously you've got to have a certain intellectual ability, the psychometric stuff, you've got to score well on the tests, ability to think logically.		I wouldn't hesitate in putting ... into a troublesome position because I think he would handle it well. He is logical.	
			must clearly be able to come to grips with the broader issues because so often people dive into the detail and drown				he just brought some clarity to the situation. He dug through all the crap and said, listen, your deficit before borrowing is just so way out of line, this is why we've got inflation, simple stuff		When you get into a turnaround, invariably there is so much wrong that it is coming at you from every which angle, ok? And you have got to decide – what are the essentials, what are the have – to – do's now	
The plan, speed and the importance of cash	It took 3 months. I joined in October and by January I had a board meeting ….I showed them the plan.	the first 100 days people are watching you: 'what is he doing now?' You maybe get 100 days, maybe 200 days, where people sit and look		a direction or a plan that is the right plan, something that I'm comfortable with	in most cases people over promised and under performed, took far longer to do what they had to do and inevitably used far more capital than what they said they would use to do it	business they want to know what your plans are for the next three months and in 100 days you report back	And the problem with turnarounds invariably, let's say failures, is that you run out of money. You can save anything if you have access to money.	they assessed the situation very clearly at an early stage	be creative, go home and think and say 'I have got to think of something different, that is going to give me an edge'	were getting back to our knitting … So it was just a strong, strong realization that we had to get back to what was core.
	The first 100 days is critical for a crisis leader, you come in, you figure it out, you figure out your plan,			And second of all was clearly mapping out what we needed to do to turn it around.	Most companies have got cash flow problems so you have to make sure that you have got proper cash projections, make sure that what you want to do you have got the proper money to do it.		And what keeps businesses alive – it's cash….Why do they fail? They run out of cash. Cash is like blood in the body		in any turn around, you can have the right profile, ... if you haven't got money, if you haven't got cash, you are dead. You have got to have sufficient oxygen to keep the patient alive, to allow the antibiotics or whatever it is to take effect. If you haven't got cash you are dead	

Tough	I was tired and worn out of firing and breaking and wrecking and pruning and the whole down size, down size, down size and then slowly rebuild. ...taking something that was burning and just go through that horrible pain. I was tired	to fix something that is in trouble, you are going to have lots of sleepless nights	to see where the problems are, and then be tough, hard-arsed and ruthless enough to take the sort of decisions that are going to be necessary	very externally focused, never resting on our laurels. Always having a sense of discomfort	it is not going to be a bed of roses that it is going to be a stuff on you the individual as it is on the people and on the company	When it comes to turnaround, at the time when you have got to make these very tough decisions, at the time it is most important that you understand the financial implications of your decisions. Every single decision you make	it was like being a trauma surgeon. We used to work 20 hours a day because you had to, why? well they wheeled this bullet riddled body into an operating theatre and they've phoned you up and say "we need you now", you can't say "well look I'll come in the morning". The thing's dead! You've got to go there and then, and work hard. And what you are doing, you're trying to keep it alive.	I decided to cut our losses	to work bloody hard for three years, and in those three years the family didn't see too much of me	One thing I will tell you is that Brett next door, it kills him, absolutely kills him, to do his job effectively, turnaround the business. He wont make 50
	...taking something that was burning and just go through that horrible pain	The guy has to be able to stand up to conflict and say 'piss off, I am not doing that'.	And that plan of action invariably means being hard-arsed or hardnosed, whatever you want to call them, so you can get down to the very essence of what is causing these issues and take unpopular decisions			– well the bottom line is, that is the way it is.	those 18 months, I promise you, were the hardest working 18 months of my whole career	Once you become emotional then things are not considered objectively	And to be absolutely blunt, I was $%^& rude to most of those md's. I said 'you are profitable, forget about what you read in the press, don't read the newspapers, don't look at the share price, just focus on your business; you have got a good business, it is profitable, make sure it stays profitable. Don't read the newspapers, don't listen to the radio and £$%^&* don't read the share price'. Get back to your office and do what you have been doing, and don't come to me with your problems, I will come to you when I am ready to talk to you'	
	I was tired	This is not an environment for sissies hey	chief executives go into businesses and fail to turnaround because they are unable to take those tough, hardnosed decisions				I was away from home for 250 hours, I was 65 hours in the air, 35 hours hanging around airports and the other 140 hours			

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	for me there was a very high emotional price	And if you choose a guy that is a conflict avoider, you are doomed to fail.	Balls, brains and personality, and what do we mean by that: Balls means energy, drive and passion. Without balls you can't make it happen so the guy must have balls.							
	affects you personally because it starts to make you quite a tough person		he has got to be as hard as nails and twice as tough							
	become a very sarcastic, tough and very blunt instrument		rugged personality, a strong self-worth and you have to be psychologically ruggedly-minded to be able to take the unpopular decisions.							
Tenacity and single minded focus	people who can demonstrate persistence and perseverance	you can't fix them in five minutes; you have got to stick with them for a year or two or three.	got to go and have the staying power amidst what I call white-anting, back-stabbing and ball-kicking because people around don't like change	focus on what needs to be done	knowing what they are doing and focusing on that particular problem.	never took leave for five years, not one of us guys. The directors. We just worked. Christmas day we just worked. New Years day we worked, it was just another day to work. It meant nothing to us	but in terms of the sort of stamina in the people we are going to be looking for…		it is an ability to focus on the essentials	from a leadership point of view I think for me it was staying in the business if possible, and not giving up
	people who are prepared to make the sacrifice and are committed and who are resolute in achieving it.	, you put your jacket and tie on and you go and kick it. Till you get the result. That is what it is all about	he has got to have that steely resolve, he has got to have that determination, energy and drive, the passion	Don't lose sight of the major objective; remain emotionally charged about the major objective. Don't get emotionally discharged because of stuff that is not important	It is a 24 hours a day job and he has to stick to it		those 18 months, I promise you, were the hardest working 18 months of my whole career		stick to the essentials	issue was how to get the business back on even keel, and once we had done that, how do we start growing the business
	you are looking for, the single-minded people						the short interval thing means there's a focus on performance. People do what they're supposed to do, when they're supposed to do it and you don't get a culture of deadlines being missed			
	I would be interested in people who can pick an objective and stick to it.									

Personality										
independent, strong minded.	they can visualize the destination, hard in their mind. And they will keep bashing at the pieces to make sure that it looks like that when its finished	they are not very popular and they have got to be totally unemotional about it	arrogance is the death knell of any situational analysis whether it's in business, whether it's family life, personal life, friendships, it's the worst character flaw, because when you are arrogant, you lose the benefit of wisdom	in every case these guys have got the personality, the energy and they want to go places		first thing you've got to have is a very cool head	I say it must be a forceful person that can take drastic decisions	If you want a turnaround CEO, you have got to get a person who is a maverick to a certain degree	he has got to inspire people to stay with him.
you must not care what others think of you		still have to have certain inherent qualities, the leadership, the assertiveness, the intellect	a key ingredient to someone who can turn around a company is humility	know the industry, they all lead from the front, they are all fully committed and fully involved		But I enjoyed it, and as you say when the work's there to be done, it's great, but it does actually consume one	mustn't be overbearing and pompous	got to be hugely stubborn and he has got to have massive self-belief.	
Turnaround CEOs don't care. They don't. They are almost mercenary to a certain extent.		Balls, brains and personality, and what do we mean by that: Balls means energy, drive and passion. Without balls you can't make it happen so the guy must have balls.	a humble character, if it is not going in the right direction, to recognize it's not going in the right direction, change direction and takes decisions in the new direction	he has to have people skills in choosing the right person, working with them and building them up		Do you think that … charisma play a role? You know I think it can, but what is charisma in a situation like that? It's generated you know	not be a doubtful guy	an Expressive Driver	
I was seen as a maverick		if you don't have the right personality it means you are not going to motivate and inspire people.				Charisma - I tell you what, if you go out to Benoni and talk to the guys there about me, I think here's a bit of charisma attaching to me	he mustn't be arrogant		
		got to be that visionary, be able to have that insight into the future					He must have personality, charisma. It is a unique job! And it needs a unique person to do that unique job. It can't be the run of the mill CEO who runs a business, you are asking about someone very special, a turnaround CEO		
		Passionate about what he was doing, incredible intellect, dour personality							
		So while gravitas and charisma are important they are not the be all and end all							

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			in very senior executive positions charisma, presence and gravitas become important, but if you don't have the other two qualities, the balls and the brains with it, the personality or the gravitas or the charisma, is meaningless.							
			absolute non-negotiable essentials, is incredible energy, drive and passion							
			a fair amount of extroversion and energy							
			rugged personality, a strong self-worth and you have to be psychologically ruggedly-minded to be able to take the unpopular decisions.							
 										
Change beliefs	have to be a short-term thinker	if there is not adaptation in the company and there is this kind of continual rebirth, the company is going to go downhill		a turn around CEO, as opposed to let's call it an entrepreneur, are two different types of peoples, they both are decision makers. But an entrepreneur knows how to manage strategic risk, a turn around CEO - managing operational risk	The buck has to stop with him and he has to accept responsibility for better or for worse	immediately get rid of the management, and especially if he was an owner that started the business, created the baby that we are now buying	And you know if you go into something that is not working, …. and in the end, I think, leadership is usually the problem.	cut the overheads, cut the main expenses	It is not a loss maker, it is a profit maker, but it could be doing a whole lot better. It is in need of a turnaround. It is in need of a revitalization, it needs a fresh approach	having been part of the team that founded the company, managed the company to great heights, and had it also on your shoulders to manage it through the difficult times. Ja.
	have to think short term because the question is 'are we still in business next year?	you can't fix too many things simultaneously. You just can't. You have to pick five key things and try and got those fixed and on an even keel, and then you take another five		I articulated a 5 prong growth strategy some of it which was do-able, some which wasn't do-able, some which wasn't do-able because we didn't have capital.	changes are inevitable. If you want to turnaround changes follow as sure as day follows night. There have to be changes otherwise you are not going to achieve anything.		make sure that there's not a serious overlapping of responsibilities and deliveries	it must be straight, down the line and you can't be emotionally involved	So he is measured by how efficiently he processes analysed data. Not, has he grown his turnover, his margins, has he done this and has he done that – what entrepreneurial flair has he displayed in the last 12 months of being in the job. None of them are entrepreneurs, most of them are dead from the feet up.	

	to build his successor, to hand it over to. to continue on a more sustainable basis going forward.	your staff behind you need continual reinforcement, to say 'he's telling me again, he's telling me again. And you know if he tells me five times, he must be serious about it'					which is what Adizes calls prime, because if you're up here, you're going and it's sustainable and you can be here forever if you keep it that way, so you want a very strong E and a very strong A, a very strong P, you actually want to keep that I small	don't drag it out	if you want to get this right you can get it right quickly, but this is what you need to do'	
	you must be willing to give up after 3 years. That is a very unusual trait	I am not saying that you have to be a Genghis Kahn but you actually need to have an element of Paton in you hey! You not coming with me? Sorry, this bus is full. Get off.					Confrontation will be healthy if the protagonists have mutual respect for each other, and mutual trust for each other.	mean you can turn around in 10 years and that will never put you on the front page, but if you can do it in one or two years that makes you a good turnaround CEO.	Thomas profiles, there is nothing particularly sophisticated about them but they talk about DISC, which is Drive, Influence, Systems and Compliance	
	You want people who are happy with uncertainty, happy with ambiguity, have a high risk profile						I'm not saying you have to change things for the sake of change. What I would say to you is that if on that curve (referring to Azides) you find that the business is, some of the elements aren't as strong … to me a big A (Referring to the Administartion in Azides) is a good dashboard to drive your business with.		a lot of companies need turnarounds, but the shareholders and the boards are not conscious of the fact that they need that turnaround	
									If you are in a situation like that, obviously time is Of the essence!	
Integrative thinking, methodical and systematic	able to manage leadership and management very well and tie it together.	have a look at the numbers, get yourself a dashboard, look at the trends and say 'this kind of confirms what I suspected, now go and fix it.	you don't turn it around at all costs, because the cost may be too great. And it is cheaper to actually close it down.	When you want to do a turnaround, you have to analyze the problems and see what the hell is going on in the company it is no magic wand. What you then have to do is chunk it and then focus on the different aspects of the business that are not going right.	You also become more aware, you start breaking your business up because you have got to make tough decisions	there's the entrepreneurial element, there's the administrative element, there's the performance orientation and there's a sort of integrative aspect of the business	have a clear idea of what steps are necessary and then execute these in the least painful way		

	The final point is, and maybe I am generalizing but, you have to be a true integrated thinker				make sure that you analyze, that you get to the bottom of the different departments and that is when I mean chunking. I am a great believer in chunking than if you are going to try and tackle everything at once, you are just going to fall through the cracks, you have to look and see where your biggest problems are		I took the pressure off by addressing the critical issue quickly.			
	And very logical and structured. But you have got to be integrative.									
	So we did massive changes, and if you think about it, it is all about integrative thinking and we did the entire design of the strategy in the first 100 days.									
	All those systems and processes were missing. And I said to the head guys 'this didn't happen by accident, this problem was caused by you'. I thought the problems of today can't be solved by the same mind that causes it									
	I said every number has a face. I created responsibility everywhere so that I could measure everyone all the time, every week and every month									

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Cultural awareness and symbolism										
	I changed everyone's incentive plans in the first 3 months. I said: 'From now on I am doubling everyone's salary, and the way it works is that you are all on the same incentive plan as me'	You can't get too dreamy about leadership, it is about convincing guys to come with you: "come with me, I want to show you".	obviously they understand the ethos, the culture, the coalface mentality	On the turnaround, what was critical, one was an internal introspection, and seriously required there	The hygienic conditions are more than just empowering the people, the ethics within the company, getting people in their own departments to work together where they have to interact with people in other departments to make sure they are acting correctly	Every time we made a payment we would ring a bell, send notices and I think a lot of people got swept up into this thing – look at it, this thing is working	The fact that guys fight, it's not what do they fight about and if they're playing the man and not the ball, then you've got a problem. If they're arguing about issues which they think are in the interests of the company, that's good.			really bring the company to a common platform if I can put it that way. An operation in Australia ran exactly like the operation in SA ran, and operations that were purchased had to change their names to Dimension Data, systems and controls, and change the culture of the people, from being Americans who couldn't give a stuff about working, to people who really believe.
	We broke down all the offices and took away all the walls	And you know all this bullshit about airy fairy intellectual bullshit about empathetic leaders is all kak			a lot depended on who was in charge of the department and you have all sorts of different personalities, and you find that that guy sets the culture for the people working under him		So those are two critical ingredients… trust and … respect			
	We built show rooms inside and I made them proud of who they were.				you don't live in an ideal world and you will never achieve the exact mix but you try and get it as close as you can		So by listening and letting people get stuff off their chest and where they had legitimate grievances, dealing with them, not always you know deliver immediately, but at least you can start to deliver, you can set a timetable, you can buy enormous goodwill, and let me tell you there's a huge amount of value in our workforce n this country which has been mismanaged			

	in some way I had to turn the culture away from sales towards profit, away from volumes but towards turnover, stock turnover; away from throughput towards productivity, and all of a sudden I trained everybody on how to read an income statement so everyone in the company knew what the key measures were. The culture changed fundamentally.						the biggest motivating thing is job satisfaction			
	Word got around that … was prepared to sign these huge cheques subject to performance. And it changed everything									
Getting involved with the detail, contact and willingness to engage at all levels	They loved to have an MD who actually go through every detail with them. I lived in the trenches. I visited the customers with them	you are fighting in the trenches in hand-to-hand combat	obviously they understand the ethos, the culture, the coalface mentality	good experience in managing people	he was trying to patch things up from the top and he didn't right to the bottom of the problems and fix the problems and that is what it is all about	much more 'hands on'	you've got to have somebody who can be hands on, is not afraid to roll his sleeves up and climb in and find out what's going on			have to stay close to the people. You have to stay very close to them, you have to interact with them personally
	You have to be very interested in the detail.				hands on, that is there day to day watching it and then seeing where the problems are, seeing what has to be done	There are lots of clever guys in the world but the key to it was that we had our own feet in the fire	To know what's happening, go down and talk to the guys at the coal face, because they don't have the broad picture, but they are certainly taking the heat			need a guy who is personally going to get involved

	be able to understand the detail because the risk of failure is so high				But if you are not communicating, if you are not eye-balling, if you are not involved, then you are not just going to do it by sitting in your offic	all of a sudden, for five years, I saw every telex that came into the company, I had no secretary, I got rid of my secretary, I saw every fax that came in	I made the decision there and then to run Foundries myself. I said I cannot go out and look for somebody to put in here to run Foundries when I don't know a thing about the business and you know how can I find someone, how can I select somebody, and I said "well I'll do it myself". That was the turnaround				unbelievable attention to detail, totally, totally mini-focussed
					hands on, that is there day to day watching it and then seeing where the problems are, seeing what has to be done	You start micro managing … I think it is attention to detail	those guys who were moulding flower pots, asbestos fibre cement flower pots on the floor, knew a hell of a lot more about what was wrong with the company than the guy who had been sitting in his office.				pull operational people along, every single week 'have you done this, have you done that', and he would expect it to happen, and if it didn't he would fire them.
					you have to get into the factory and see what is happening with the machinery, with the people, with the quality, it is all different types of things	and we sat down for probably two weeks, and went through every single line item					You must understand that the internal turnaround guy has to know every single thing that is going on.
Leadership Style	leadership in turnaround believe it or not, is actually easier. the burning platform has already being created.	I play fairball, but you play hardball with me, I will play hardball back	visionary qualities, so that people want to follow you, they believe. That is the key thing	I needed to change my leadership style... And that came from a position of thinking you know everything, wanting to be in control, not wanting to let go and all of that. Now through this whole process I've realized what I'm good at and what I'm not good at and arrogant leaders don't want to admit what they're not good at	he has to have patience as well because things don't happen over night in some instances	tell them that we are in financial difficulties, you are going to tell them	I've been getting involved in situations where things have crashed and burned. Prior to that I've been involved in building businesses and that's what really excited me. I think I'm more of an entrepreneur, I've a very strong kind of entrepreneurial….And the interesting thing for me, the people who've been interviewed, the common denominator amongst all those is entrepreneurship, as opposed to captains of industry, many of whom aren't entrepreneurs.	The experience of that is that you have to make a decision	he has got to be prepared to make decisions, unpopular decisions, and he has almost got to be prepared to make decisions without waiting for the authorization	You must understand that the internal turnaround guy has to know every single thing that is going on.

	someone with inspiration and energy and drive, with vision,	don't have the luxury of being great strategic leaders when you are up to the armpits in poo	a turnaround artist is like a conductor, who is able to orchestrate, rather than castrate. The ability to harmonise them, get the best out of them. Rather than take the ruthless cutting, which is the castrating	a key ingredient to someone who can turn around a company is humility	prepare to be in the front, he has to set the example	We kept them more informed than before because you know the key to it was that, and I think it could backfire, because if you think of it, we have a company in trouble	I rate stakeholder importance first, customers; staff; shareholders. I look after the first two, the shareholders will be ok.	you must be objective and make a decision	he has to be a driver	So would you say the non bureaucratic corporate spirit is what you call on? Yes
	results-orientated, focused on day by day and week by week and month by month results	understood the frustrations and the difficulties and can connect with those people and say: 'hey guys, I want to show you something different. Come! Come with me!'	still have to have certain inherent qualities, the leadership, the assertiveness, the intellect	You've got to be controlled	you build the confidence of the staff because they believe in you and your ability and they believe in your management skills and they are the type of person you are prepared to work with and in some cases they are prepared to die for them because they really are with them 100%. If you haven't got people committed from within then it is going to be very difficult	I have never seen a guy make decisions like that	of strong leadership, a very clear strategy in place, a coherent management team to implement the strategy and a discipline of short interval control mechanisms	must be objective, make a decision and fulfill it	self-belief, be a bit of a maverick and he has got to back his instincts	
	He has got to be a really, really good manager	You can't get too dreamy about leadership, it is about convincing guys to come with you: "come with me, I want to show you".	He must know his intellectual limits, his emotional, psychological and physical limits, but he needs to be able to fill every facet of his Perspex cube to be the complete and successful turnaround artist.	extremely open to what other people are telling you and thereby you are checking that the path that you want to go on is the correct path	Leadership is not leadership if there isn't any change.That is right.	who understands the implications of everything, has high energy	a strong leader will make sure that the team is with him, pulling in the same direction, because if you don't have that, you're not going to be successful	never show favouritism towards one or another. That is so important	Sometimes you have actually got to back your gut. Your instinct.	
	establishes vision, he aligns people, he leads by motivating, his leadership skills are fantastic, but at the same time, he has an eye for detail. He can allocate resources, plan and control and problem solve so well that you would look at that guy and think 'it is astonishing to see all those skills in one hand	But leadership is a luxury, which comes when better control exists	in many cases you have got to be obsessive … tempered with some humanity and humility … singlemindedness while one is, and that is why you have got to have this vision of where you are taking this business.	the other thing that must also change is my management team, making them far more inclusive. Me listening to them, me being prepared to accept that if somebody is really unhappy I really need to listen to them, if they don't think what I'm doing is right, I really need to listen to them.	you have to tell people you have to give them a thank you and you have to give them praise words genuinely and when it is due and at other times, if a person is not right you have to be harsh and you have to explain to them what has to be done		the job of the CEO, to make sure that each person working for him has whatever he needs in terms of money, manpower, machinery, whatever, and the CEO needs to say to the guy "tell me what you need, this is what you've got, what else do you need?"	know what he wants and be a leader and a decision maker.		

	You have to be calm and you have to keep people focused. You must keep them inspired and convinced that you will succeed, keep everyone aligned, and at the same time ensure that your upward stakeholders still have faith in you		classic monster-types, who are totally ruthless, totally unemotional, totally driven as you were saying. Single-mindedly focused. Totally autocratic, totally unwielding, totally unbending, totally unreasonable.Tough, hardnosed, miserable, unemotional bastards, Monsters.They have driven and grown empires but at great cost to humanity around them.	but somebody who is not scared to make decisions, and that means somebody who is not scared to make mistakes			what makes one turnaround guy maybe a little bit better than the other, what is the attribute? It's got to be the leadership aspect and by that I mean able to identify the skills and the value in the people in the business.			
	got to be tough, they have got to be task-focussed, clearly entrepreneurial, but very importantly, they have got to be focussed on the short term.			focus of the turnaround CEO has got to be first and foremost managing the short term for the long term			What do you need to do it, let me get it for you, and I think that's an aspect of leadership as well			
				There are people … that have become stale in their leadership style, they are not outwardly focused and once again it also comes back to this whole issue of arrogance and humility							
Ruthless or uncompromising	You have to make a decision very quickly. You have to be cold and unemotional. Incredibly so.	And you know all this bullshit about airy fairy intellectual bullshit about empathetic leaders is all kak	to see where the problems are, and then be tough, hard-arsed and ruthless enough to take the sort of decisions that are going to be necessary		the business is in distress, people are demotivated, people are incompetent and some of them you can fix, but the dead wood, the sooner you can get rid of it, provided you don't throw your dirty water away before you have got clean water	Our attitude though was very much if you don't like the way we are micro managing, we are trying to lose people, and we were going to let five guys go anyway, so why don't you open the door	in the end you have to get rid of them, you can't live with that			you just needed to cut the throat of that ridiculous acquisition that had been made, cut its throat, close it down.	pull operational people along, every single week 'have you done this, have you done that', and he would expect it to happen, and if it didn't he would fire them.

	I said "guys, the needs of many outweigh the needs of a few. It is quite simple. And some of you are going to have to go. Now let us look at what the strategy is and I can't guarantee job security".	there are strategies or tactics that you can employ to restore equilibrium. You fire one or two of them. Very Shortly after you arrive. Because that calibrates the rest of them: 'hey, the new guy doesn't take any shit'	they are not very popular and they have got to be totally unemotional about it			immediately get rid of the management, and especially if he was an owner that started the business, created the baby that we are now buying	you are either in the canoe, or you're not, and if you in the canoe, I expect you to be a fully fledged member of the canoe and row as hard as anybody else. But if you don't want to do that, do us all the favour and go			
	it made me, to be honest, quite a mercenary.	A lot of bullshit, you are going to defy me? Bang, here you go. You can't do that. Watch me. Gone	to be able to almost ruthlessly and unemotionally, take the unpopular decisions				Now when Jack Welchtook over GE ..(it) ….took him 20 years. He also fired everybody			
	it was clear that ruthless action was called for and we needed a ruthless execution	You have to have an element of ruthlessness								
	I could not convince them so I said "Fine, I now will rule by dictate and order you to do this.'	I am not saying that you have to be a Genghis Kahn but you actually need to have an element of Paton in you hey! You not coming with me? Sorry, this bus is full. Get off.								
Experience, track record and age	given my age, because at the time I was 36	You have to have been in an environment where there is a line function; you never take a staff guy as a fix it guy, never! It has got to be a line guy, always.	you need a bit of maturity; I would say someone who is at least mid forties and older	Obviously you find someone first of all with good experience	Ideally the guy is at his peak, between the ages of 35 and 45. If he is under 35 maybe he hasn't had enough experience	I would also probably not take a guy who has left a fat cat company and now wants to gear it	That's why you're talking to older people, that kind of stuff comes with experience	usually has experience of running successful businesses...I don't want to see a flash in the pan, but a proven track record. That will make the person a suitable turnaround CEO…a successful track record, does take time. And that you must allow for. Therefore I don't see (turnaround) CEOs under 40 or 45.	You know I think your best turnaround CEOs are going to come from your 50 to 60 age bracket, and the only reason I say that is because they have probably had a lot of experience and hopefully they are still fit, energetic and have got that drive.	One thing I will tell you is that Brett next door, it kills him, absolutely kills him, to do his job effectively, turnaround the business. He wont make 50

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	The reality was that the older guys ended up slowing it down.	There are very few guys who can fix things that will have had the experience, that are under 35. Very few. They are normally 40 to 50, that is the sort of time frame. Because they have got scars on their back, they have lost battles, they have lost lots of matches and they have lost in the last 10 minutes.	They need to have been around the block at least 10 or 15 years – post MBA type level of experience	You know I think invariably those people have years under their belt, it's important. You know, I don't need to tell you this but having wisdom, you can't replace that		age is not really an issue but you want someone who is mentally agile and can make decisions but you don't have to be 60 years old, but I would say over 40 and I would employ someone who has respect in the mining industry but has to be financially astute	I don't think under mid-30,	Knowledge, mostly in the financial field, experience, the track record and proven ability	age should play a role in that a younger man should be more energetic and have more drive, but people today are remaining younger for longer	Younger/older? I think the older guys are always going to have that fantastic experience but…
	I say under 30 is too young and over 50 is too old, but it does depend on the industry	a guy that has run a business, that has been through ups and downs, understands the pain, first prize is if he has fixed a few	to be a turnaround person, unless you have trodden the path, you will never be a good turnaround person. Turnaround people are not born, they are made. They are made through exposure but yes they still have to have certain inherent qualities, the leadership, the assertiveness, the intellect.			I doubt whether I would take him from the so-called corporate world	but in terms of the sort of stamina in the people we are going to be looking for – (max) 60			young people opportunities, I mean there are a lot of…I have always tried to find wonderful people, people skills and people persons
Domain knowledge of the business	So I walked in as a domain specialist. Because I had done it successfully elsewhere in the past	that is very important, that you have an element of domain knowledge	yes, highly desirable, but not essential'.	have a good in depth knowledge of the industry	MD that we appointed to do the turnaround didn't understand the business, he didn't get that half of it	You have to have either the product knowledge or you have to understand, certainly the customer.	So for an individual to go into an organisation and start making a difference, I think you have to be able to understand the business of the business	it does help if you know the type of industry you are asked to fix	You have to know something about the industry	
		So you have to have a bandwidth that kind of overlays somewhere where they are. You've done something similar.	obviously they understand the ethos, the culture, the coalface mentality		let's take IT, you have to have a first class IT in charge who knows what he is doing	So you have to become very creative and so to answer your question, knowledge of the customer, like that, is important	I think that a domain knowledge of the business is important	he must have knowledge, product knowledge		
		credibility, to actually interrogate someone and say 'you know, you are actually talking crap'			not necessarily that business but understands the industry					

Tenure	in my fourth year I realized I had stayed a year too long. I should have left in my 3rd year, and by the time I was in my fourth year				You have guys that can turnaround any business but they are only there for a limited amount of time, it is not their full time career, they want to get in, do the job for a year or two and move on to the next opportunity					
	the problem with all turnaround CEOs. After three years they are bored, you have got to get them out.									
Physically Active and Strong	the favourite sport amongst young South African turnaround CEOs is. My guess, based on my experience - cycling		strong intellectually, physically, you cannot have a weak individual		He has to have the physical strength he has to have the mental strength	who understands the implications of everything, has high energy	I know guys of 70-75 who'll run rings around me on the tennis court – physical energy			
In SA	South Africa has a very interesting generational issue. The hang-ups I had because of the way I grew up, the youngsters don't have	you have got a different historical make up of management and generally in SA and it is not a good thing, the leaders are in management and the followers are the rest. In other economies there is a far better balance through the chain	good understanding of the labour situation, what is often a very important issue is how to get the labour behind one. get the trade unions on your side,	I don't think so; I don't think you need a unique animal for South Africa.	if you are not aware of the need for change within South Africa and you are not going to do anything about it, you are also not going to achieve anything	Well the BEE thing is significant, it is not going to go away so you have to be on board with that	South Africa has got a skills shortage, much younger heads are carrying a lot more responsibility than in other countries, but that's been like that for a long time.	unique labour laws for starters. So the turnaround CEO must know the limits within the side of the labour law	SA companies now have got this big thing about the BEE profile... So that is an absolutely unique scenario in terms of the rest of the world, the rest of the world doesn't have those sorts of problems.	SA is difficult, the skills issue is a big issue, gender issue, to do it successfully I think you need to go and employ the people you need, - once you get the business stable you can look at all the extraneous factors

	I think it is peculiar to South Africa because we have these people who have lived through apartheid, coming though their 40s and 50s, and then you have the youngsters coming through, 28 and before, who may not even have voted in the first democratic election.	we have the skills shortage, empowerment is a huge challenge, a massive challenge. You know you have got all the normal things of battling to run the business and then you get this superimposed on the top and quite frankly it just sometimes makes the burden unbearable	Post '94 transformation knowledge	You hire good lawyers, there's a code and you follow the code. You don't have to be a special South African to... there are certain rules of the game and you follow them here in South Africa. All this corporate governance stuff, you get a lot of CEOs (inaudible) I'm not hassled by it. It's the rules of the game to play, do it. Don't let it emotionally influence you; it is about managing emotions	Don't give it to them just because you have to because of the colour of their skin. That is one of the big problems	Politically it is a good idea to bring black people into the fold, I don't think it is bad, but the businessman doesn't understand 'why am I being forced to sell this?'	unique to South Africa is firstly we've still got a very militant labour situation	we have in SA unique financial reporting, sometimes much more ellaborate than other countries	in SA youngsters get given opportunities a lot earlier than the rest of the world	
	the leaders lived through apartheid and the youngsters didn't	I think South African managers are hugely challenged by the political process; Guys in the states that we talk to – the guy that you box with is your competitor, you don't have to box with the Government too!	unique to SA is that people at a younger level have had a broader exposure to levels of responsibility and therefore tend to have the energy to be able to do this sort of thing		where does South Africa differ from other countries. We have a limited pool of skills, I mean we are a small country and we are limited in our number of skills and everybody is much sort after and one has to be careful also not to overpay or to underpay. And also, in management positions you have to give people incentives. Your hygienic conditions have to be right		dealing with unions is to be as transparent and open with them as possible	S. African income tax aspects because that could also be a very important factor in turnarounds		
	it does not matter what your race is, we have become a far more capitalistic society than we used to be		HD or PDI candidates have been promoted to levels of incompetence and many organizations are going into huge delivery problems because of the lack of skills, I think the BEE bubble is starting to burst		with legislation and BEE and tax and with accounting and the new accounting laws and things like that, we use special people		in South Africa, we're faced with all this Triple B stuff. There is huge pressure to appoint black people into positions and the problem is in some industries, they're just not there	affirmative action or BEE, it is a new thing and it could be important today ... and no other country has it.		
	people are much more open to change then they used to be in this country, it is much easier to build a platform.						I think the legislation is defective in that regards, but you've got to live with it. It concerns me the amount of energy that's going in to all this stuff which is not wealth creating			

	but on the other hand it is difficult to accept change because it is hard to build a platform because no South African who is under the age of 33 has ever worked in a recession because we have had 13 years of growth					So for the long term sustainable health of your business, you can't ignore it (BBBEE), but I think if you're in a turnaround where not turning it around is closure, it's on a back burner for me, boy I'll tell you. Because it doesn't create wealth, sometimes it actually consumes it.			
	I guess managing the diversity is also an issue								
	You have to be mindful of the fact that people of colour are sometimes of the view that if you are young, I have the right to this position because of the government legislation.								
	So you are starting to find a lot more softness.								
	People of colour can almost have a free pass into certain jobs. So the next generation of leaders is going to be difficult. The level of toughness is not there. People will more easily bail, if a turnaround manager comes in								
Use of consultants and mentors				I went out and looked for help...Grey hair people...I used his wisdom; he helped me tremendously	I am a believer in mentorship, build those people up until they reach that level and then give it to them					South African turnarounds will do is they will get (consultants) who will get a lot of money out of it (in the negative sense)

				I mean with wisdom, with experience comes the better understanding of how to manage a lot of things. I now have 5 mentors, people that I work with	You have to use people that you know, that you trust that are competent and that will give you the right type of advice and that is the mentorship I have always used					understanding the kind of business you are supposed to turnaround is not always a luxury you can afford to have. Agreed
				I'm a big user of people who have got more experience.						
				I'm a great believer in mentors,						

Appendix E: Independent Analysis – Letter of Confirmation

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22 October 2007

Dear Mr. van den Steen,

INDEPENDANT EVALUATION AND ANALYSIS OF INTERVIEWS

CONDUCTED

This serves to confirm that I have read, evaluated and analysed the transcripts of interviews given to me in the context of your research paper titled "The attributes of the turnaround CEO in South Africa."

I confirm that I have independently analysed 10 unedited transcripts (raw data) of interviews conducted by yourself, with various prominent business people in South Africa. I have read each interview in the context of finding opinions expressed by each interviewee on specific attributes, personality traits, qualifications, experience etc. required by turnaround CEO's. More specifically, I have tried to identify, as you requested, what "essential attributes" each interviewee has identified or attributed to turnaround CEO's, and as such concur with the large majority of your findings.

My background and academic qualifications are as follows: B.A. LLB. LLM. (Commercial and Tax Law) (Stellenbosch), I am an admitted Attorney and Conveyancer. I was a partner in the law firm Hamman, Smidt, Abdullah before moving to Switzerland. I was also a lecturer at the University of Western Cape (Commercial and Company Law, Insolvency) where I was involved in, and co-ordinated various research projects and produced and delivered various conference papers, eventually specialising and creating new courses in e-

Commerce and Interne[...]lso co-ordinator of External Conferences and legal updates for Attorneys. Since moving to Switzerland I have created two start-up businesses, being import of South African design and décor products and a legal translation (English/French) business. I believe and trust that my above academic and business experience has proved invaluable in analysing the data you forwarded to me.

I trust that you will find my analysis and comments helpful and look forward to reading your findings and research paper.

Yours faithfully

Debra Smidt