SAMPLE CHAPTER

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DO LESS BETTER

THE POWER OF STRATEGIC SACRIFICE IN A COMPLEX WORLD

Contents

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Introduction

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Imagine that you are the newly hired CEO of a troubled multi-food company in desperate need of a turnaround. Here are just a few characteristics of the Gordian knot you are faced with untangling:

1. Your sales are in decline. Annual turnover is $75 million. Four consecutive years of red ink amount to $20 million. Those losses are deepening.
2. The company is a regional player, participating in ten product categories with no competitive advantage and high operating costs. One of those categories accounts for almost half of all sales.
3. The company's offerings exceed a thousand stock keeping units, exacerbating inventory costs and negative cash flows.
4. The vast majority of your 500+ employee workforce is unionized, and their hourly wages surpass those of the competition by 15 percent.
5. The shareholders are kicking in cash to keep the operation afloat, but their patience is waning. Your predecessor was out the door after only 18 months on the job.

That should be adequate information to raise two questions in your mind—"What was I thinking when I accepted this job?" and "How the hell am I going to fix this mess?" Inevitably, you will rack your brain trying to figure out how to stop the bleeding. The top line is the place where most chief executives start—how can you generate more sales? I'll venture a guess that you will consider expanding to new geographies, adding more products and categories, and line-extending your brands. You will also look at reducing your cost structure and pinpointing problems specific to each product group, all in an effort to create scale economies and erase the red ink. I am betting that your rectification plan will mirror that of your failed predecessor. In other words, you will embark on doing more of the same, but you will be determined to do it better.

You are kidding yourself.

Strategically, *doing more of the same... better* is a pathway to incremental improvement, at best. Incremental improvement is never enough to fix strategically weak companies like the one I have described.

What *should* you do? Is it possible that by actually *doing less... better*, you might improve the odds of clawing your way out the quicksand? Your shareholders and your stakeholders will not look at this ploy with enthusiasm because it is difficult for them to comprehend how *doing less* can possibly rectify an enterprise that surely needs to do *more.*

Strange as it may sound, sacrifice in the right places is often the answer and the springboard for the long-term prosperity for you and your company. I will put it this way—the sacrifice *you* make determines your fate.

The troubled company I have depicted is not fictitious. At one time it operated as Nabob Foods, the Canadian subsidiary of global coffee and chocolate maker Jacobs Suchard. During the dreary days of red ink, I served as vice-president of marketing, eventually ascending to the corner office. To escape the jaws of defeat, our young management team (most of us were in our early 30s) made several tough calls. But the most difficult and painful decisions didn't come until we accepted the unavoidable truth that we could not survive by continuing to operate as a multi-food company competing against the likes of Kraft and Nestlé—healthy, wealthy companies ten times our size. Something had to go.

Our first move was to terminate the six poorest-performing product lines within our ten-category portfolio. We looked at this as a tough strategic choice, but there was more to it than that. It was also a tough sacrifice. Tough sacrifices are about *you*. They claw at your emotions because they require that you do something that you don't want to do. Tough sacrifices rob you of sleep, sober your disposition, heighten your stress, and choke your patience on the littlest things in life.

We had made the right call, but we had failed to sacrifice enough. The termination of these product lines and brands freed up some cash, but the river of red continued to gush. Another gut-wrenching time was upon us. We believed that our branded coffee business, Western Canada's leader in retail market share, offered the best shot at a future. To realize that opportunity and to survive, we would have to make a greater sacrifice. We didn't want to do it, but we would have to divest two of the remaining sacred cows, two product lines with significant sales revenue and growth potential. What's more, these products occupied the number two brand positions in their respective markets. By killing these darlings, our $75 million company would be a shadow of its former self—down to only 2 categories, 35 stock keeping units, 200 employees, and just $50 million in sales.

I'm guessing that you were struck by the $25 million plunge in sales far more than you were by the massive drop in employment. So were we, until it came time to fire the majority of the workforce. When a leader severs the heads of 300 faceless workers in a distant plant, and collects board accolades for doing so, the bloodletting isn't that difficult. Firing confidants as well as loyal and long-termers is another matter. So is purposely shrinking revenue in the short term that you know will have to be augmented—not to mention that leading a smaller, slimmed down company represents a loss in prestige for most executives. In the pages to follow, you will hear more about this turnaround, as well as the corporate futures of some of the people involved and the impact this experience had on me for the remainder of my career. At this point, I will cut to the chase. The result of our sacrifices, large and small, became legendary within the Canadian consumer packaged goods industry.

You see, we gave up something of value (brands and businesses worth $25 million in sales) for the sake of other considerations. That is the essence of sacrifice. A strategic focus on the Nabob coffee brand with a tea line designated as a cash flow generator allowed us to give our limited funds, our know-how, and our full attention to one category. Determining unique consumer benefits from new vacuum packaging technology, we exponentially grew market share in existing markets and established a powerful presence in virgin territories to become the leading coffee brand in the nation. In just three years, our sales reached $100 million (95% in coffee, 5% in tea), and by the time we sold the company to Kraft for much more than that, the Nabob Coffee Company had delivered 13 uninterrupted years of venerable earnings growth and maintained its position as market leader.

People understand how we propelled our coffee business to 27 percent of the national market, but they still ask how we managed to sustain an advantage against giant multinationals Kraft and Nestlé. My answer may surprise you, and it is a critical spoke in the specialist strategy—beyond the technology advantages and clever advertising, category know-how reigned supreme. Consider this: the brain capacity of these giants was spread over dozens of businesses with dozens of problems (and opportunities). We gave 100 percent of our blood, sweat, and tears to one business, coffee. Can you feel my passion?

Oh, and there is one more thing. A wise man once said, "If it ain't broke, don't fix it." When it comes to business, a wiser man went on to say, "Fix it before it breaks." Whether you are a CEO, a social media marketer, an accountant, or a production line supervisor, appreciate that the toughest sacrifices are the ones you make when everything is hunky dory. This separates builders from bankers. Personal sacrifice is the strategic leadership component that ensures sustainability.

The divestment of Jacobs Suchard's international assets to Kraft was consummated in 1990, with the exclusion of Chicago candymaker Brach's, Van Houten Chocolate, and the North American coffee business. The coffee and chocolate operation that I headed reverted back to its original nomenclature, Nabob Foods, under the ownership of the Jacobs family, but minus several premium European chocolate brands such as Toblerone, Milka, and Cote D'Or that had gone over to Kraft in the sale.

After three years of continued success as a focused independent, once more, Kraft came knocking. This time, the great grandnephew of Jacobs Suchard's founder succumbed to the deep pockets of the archenemy I had fought tooth and nail for 17 years. Shortly after the acquisition, I stepped down on my own accord. I should have been ecstatic with my golden handshake, but to me it was a poison pill that was hard to swallow. That business had become a part of me—it was more than a job. So were the devoted people who worked alongside me, people who willfully sacrificed their blood, sweat, and tears to make this company their pride and joy, and the envy of the industry.

At 47 years old, I was too young to walk away from business. Would my panacea be a return to the C-suite, a start-up, or a completely different career path? Jumping back into the corner office seemed the obvious solution. But, no, I chose a transitory role. Despite my firmly held belief that the last thing the world needed was another consultant, I made some calls to my executive network and hung up a shingle. In my mind, a year of consulting in my niche of "strategic restructuring" at the executive level would give me the time to determine how I might reacquire my sense of purpose. A year of consulting became ten on a full-time basis, and another nine as a part-timer. By the time

I slipped into the CEO afterlife for good, I'd counseled some of the world's leading consumer goods organizations, a blue chip list of two dozen clients such Campbell's Soup, Anheuser-Busch InBev, Pfizer, Starbucks, and Maple Leaf Foods.

My role as the outside "hired hand" confirmed my beliefs about leadership and strategy. More importantly, it opened my eyes to the glaring and repeated errors made by dwellers of the C-suite and their understudies. At the outset of most assignments, troubled leaders and managers spoke of the issues and the success factors of their departments, their company, and their industry. I say "troubled" because people rarely call in consultants unless there's a problem they can't or don't want to fix themselves. Herein lay my renewed purpose, but indeed a decidedly different one.

Three years ago, I began penning business blogs in which I shared personal reflections and contemporary views on the state of leadership, strategy, and marketing. I've worked in a variety of businesses and managed to survive several recessions before and after the tech phenomenon. The CEOafterlife.com became the catch basin and the conduit to carry these musings to leaders and managers caught in the tangled knots of complexity, uncertainty, and information overload. Seemingly, I'm not yesterday's man. You can call 400,000+ website hits a vanity indicator, but to me that number suggests my insights have struck a chord with an audience.

This would not have been possible had I not kept pace with the pulse of the new economy of the information age. Equally important, as it relates to the insights in this book, is the unique opportunity the serenity of the CEO afterlife affords—the luxury of stepping back from the day-to-day to ponder the present-day pertinence of the stratagems that worked for me in the line of fire, and more recently as an advisor to other CEOs and CMOs. Several of these past practices remain intact, ready to be unbridled, ready to address the issues that inhibit business performance in the twenty-first century. Some require significant adaptation. Others ought to be buried in the resting place of turntables, Betamax players, boom boxes, and Walkmans.

I did not write the book that is in your hands to add another "quick-fix" solution to the litany of business paperbacks lining book store shelves. Yes, you are guaranteed to find oodles of old tricks for new dogs in its pages, but only those that will help simplify your life and improve your performance as a leader and manager in an increasingly complex world.

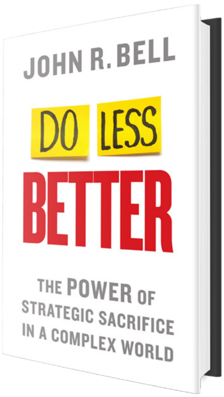
I'm going to say a lot about killing darlings, culling the herd, and pruning the garden over the next couple of hundred pages. Reference to *killing your darlings* comes from the literary world—a phrase commonly attributed to William Faulkner. However, in my research of the term, I learned that it was literary critic Arthur Quiller-Couch who originally advised authors to avoid "extraneous ornamentation." Quiller-Couch put it this way: "Whenever you feel an impulse to perpetrate a piece of exceptionally fine writing, obey it whole-heartedly and delete it before sending your manuscripts to press. Murder your darlings."

Bad writing and bad business are easy to cut. But just like novelists and poets, business leaders also have their darlings and sacred cows, and sometimes they have to be murdered.

Recognizing that business models change and so do consumer behaviors, I include several case studies to support the immutable premise that the right kinds of sacrifice disable complexity and pave a clearer path to the Promised Land. The starting place is the big picture itself. No matter when, where, or how a company competes, leadership is still the heart, culture is the soul, and strategy is the backbone of the organization. Sacrifice is the hidden power within each.

Not so long ago, this book's target audience would have been occupants of the "ivory tower," today's C-suite. The ivory tower used to be considered the enterprise's brain. The masses below the brain were the muscle; the muscle never got to see the brain's intricate mosaic or contribute to the big picture. There is no place for this modus operandi in today's world of business.

More than ever before, young managers are sponges for relevant commentary on leadership, strategy, and culture. Whether you are a business student, social media marketer, brand manager, human resource practitioner, management consultant, or C-suite executive, this book will give you a deeper understanding of how focus and sacrifice sidestep the detours of complication that block the stairway to your dreams.



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About the Author

John Bell is a retired consumer packaged goods CEO and global strategy consultant to some of the world's most respected blue-chip organizations. A prolific writer, John's musings on strategy, leadership, and branding have appeared in various marketing journals and publications such as Fortune and Forbes. He has served as a director of several private, public, and not-for-profit organizations.

Early in his career, John Bell and a young leadership team faced the daunting task of resurrecting a company with a broad product range and buckets of red ink. That team took a step few leaders do, setting aside their own egos and trimming the company down to a shadow of its former self. The business that remained grew rapidly because they concentrated on running it, and nothing else. The lesson-learned served Bell well throughout his career as a CEO and then consultant: smart sacrifice is the surprising secret to success.

In *Do Less Better*, Bell illustrates why sacrifice in the right places cuts through complexity and clears the way to competitive advantage. Dumping your pet projects, reducing your customer list, or turning down new revenue streams can be incredibly difficult to do. It can feel impossible to say, 'Think smaller,' when everyone around you is firmly entrenched in the 'do more' strategic paradigm.

Do Less Better demonstrates how maintaining nimbleness and clarity is crucial to outmaneuvering mega competitors. Doing less better in no way implies doing less work. Those who embrace focus, work harder because they are passionate and emotionally connected to the vision. Bell emphasizes, through case studies and personal anecdotes, the importance of specialization in driving company and brand value. Drawing from his years as a CEO and consultant for some of the world's most respected blue-chip consumer goods' organizations, Bell provides a tool-kit of road-tested strategies for keeping companies lean, creating cultures of innovation, and knowing when to expand and yet, remain streamlined.

> "In *Do Less Better*, Bell delivers a simple, yet nuanced answer to the always relevant question of how we manage today's business complexity.
>
> Nilofer Merchant, *Harvard Business Review* columnist, Stanford Lecturer, and best-selling author"

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