



## Is Your Management Team Focused?

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Perhaps you feel that the issues your company is facing are insurmountable, that your situation is uniquely difficult and challenging.

That may be so. However, often the biggest challenge for management today is not uncovering a new strategy that will provide a magical solution to your issues – it is simply executing what you already know.

A consistent problem I've encountered over the years is senior management doing what they want, instead of identifying what needs to be done; putting pencil to paper to come up with a clear plan to address it; and then doing it.

The best CEO I know once told me: “We are successful because we've identified the four or five things that drive our business forward, and we focus relentlessly on them.”

How to start? Here are a few suggestions:

- Define your company's key performance indicators (KPIs). Spend the necessary time to define those key metrics – whether you call them KPIs or not – that truly drive your business. It may be helpful to discuss with senior management, board members, advisers or even friends in the industry to get some clarity around this issue.
- Set your goals. Only you and your management team can know how you want the company to perform over the next few years. Sit down with your team and, at a high level, decide how you realistically expect the company to perform over the next few years.
- Set expectations for management as they relate to these KPI goals. Give extremely clear direction as to expectations of the CEO, board of directors and shareholders in connection with their execution of these goals.
- Put accountability structures in place. Those tasked with execution need to know what they are responsible for, and by when. There need to be regular (and you will need to define what “regular” means for your situation) updates as to progress. Compensation structures that contemplate this accountability should be put in place to ensure that people are properly incented.
- If people cannot execute what is expected, replace them. This may mean firing them, or, if they bring value in other areas to the table, moving them into another position within the company – if they are willing.

I recognize that putting this in place is nontrivial, and will require hard work. However, if your goal is to ensure management is doing what it should be doing, and not just what it wants to do, then the CEO must put in place a framework to help that to happen.

The world is a tough place. Why not put management structures and discipline in place that help mitigate business risk and to guarantee success?

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