

Extraordinary managers discuss extraordinary management

The Savvy CEO Speaks

Jerry Cirino is CEO of SourceOne, the largest distributor of medical imaging equipment, supplies, accessories and service in the United States. As the leader in medical imaging distribution, the company's capabilities extend far beyond supplying barium, film, chemistry, processors, darkroom accessories and other products essential to the radiographic area of the healthcare system.

Tell us about your job as CEO at SourceOne.

My job as CEO is to create and support the culture. This is done by setting the tone and being an outstanding example of the culture. And I bring passion to my job. I want to surround myself with people who share my passion for our products, our company and our team. My job is to create an environment where we can grow the business and have fun.

One of my important roles is recruiting the right people to work on our teams. First, I look for the skills set and experience. I then focus on passion, attitude and chemistry.

I want people who will raise issues, disagree with me and other team members. But I don't want people who are political; I don't want maneuvering on my team. I have seen teams with destructive chemistry, internal competition – people actually working for the failure of others. I don't want people who will trash other team members. I will let such people know very quickly they are out of line, and they don't last here if it happens a second time. We want an absolute "A" team, and we have it here.

We are proud we can make a difference in health care with our products in

medical imaging. We know the business and the industry. We have enormous experience in this industry and the confidence that we make an impact. So we work to create the most outstanding culture and work environment possible to provide the very best products and service to our customers.

Everyone at SourceOne is involved in taking care of the customer. We understand that customers' needs change over time, and we must challenge ourselves not to get stale; we have to continually anticipate their needs. This keeps us sharp and on top in the industry.

"At SourceOne, we know 'everything matters.'"

Jerry Cirino

SourceOne is the merger of two companies. Most mergers fail to achieve expectations. What have you done to ensure success?

Yes, many mergers do fail to meet expectations. Merging two companies is a huge challenge. And what we did was actually a turnaround in one year. Our business is really a brand new business. We had little to no infrastructure. We had to put in place Accounts Payable, Accounts Receivable, Credit, you name it. We needed a new name, we needed a headquarters and we needed to move people both physically and organizationally.

But the most important task was to establish a new culture. We needed to eliminate the former two cultures and establish a vibrant new culture before an unplanned and unwanted culture filled the vacuum.



Jerry Cirino

However, in order to create this significant change, we needed to make some changes in people. I knew I needed to "clear the decks" of some of the former senior executives. These were good people, but they weren't ready to accept the complex challenges required in merging two very large and different organizations.

Some immediate moves were very clear, others took longer. We wanted to give people the opportunity to become part of the "A" team. I found myself assessing people all the time and having many conversations about "fit."

I felt I owed it to people to tell them as quickly as possible when there wasn't a role for them in our future. We were looking for a very special group of people, and some solid players simply didn't have the chemistry, passion or attitude to be on our "A" team.

The cultural change we absolutely required would have been much more difficult without making these critical people changes. We now have an "A" team, good at what they do and good at being part of a team, and we're all on the same page.

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A Most Difficult CEO Challenge

As a CEO, you are faced with numerous challenges everyday – beginning with ensuring the business is generating the necessary revenues for today and tomorrow. Next, you are hit with problems with customers, cash flow, cranky board members, employees dissatisfied with the new benefit plan and on and on.

You routinely handle each of these problems. But there’s a difficult challenge at the back of your mind all the time.

Joe is a star performer who has become a prima donna and is throwing his weight around. He is demanding special considerations for himself and his team: “We are so busy and important that we don’t have to play by the company rules. Rules and policies are meant for the other guys who aren’t delivering like we are. We need better cars, upgraded hotels, pay increases beyond the guidelines, etc.”

By conceding to Joe’s request, you are creating even more problems in the

company. Employees already believe you are his “buddy” because he seems to get everything he wants.

“An executive’s actions are under constant observation. And his actions telegraph his beliefs.”

Lee Nielsen

It is our observation that one of the most difficult challenges for many CEOs is to effectively confront Joe and get his cooperation to change his behavior while he continues to be a star performer. This is management at its most delicate.

Some CEOs follow the Donald Trump model: “You’re fired.” Joe is tossed out, the company risks losing some of Joe’s team and now the scramble intensifies to meet goals. And if Joe is fired without good preparation, there is also a risk of a lawsuit.

At the opposite end of the spectrum is the CEO who keeps hoping Joe will “get it”

and see that he is creating problems and change his ways (as a colleague says, “Hope is not a strategy.”).

Instead, you get more problems: accusations of favoritism, demotivated employees, resignations from high potential people and more.

Dealing with Joe requires you to be very clear about goals, potential risks, your own comfort level with confrontation, *your ability to confront* and your stamina to stay the course.

Wise CEOs ask for help as they approach Joe. They know a third party will keep tempers cool, keep the focus on company goals, work to secure a back-up to Joe and support the CEO as he prepares for this difficult time.

Want some help in managing a difficult star? Contact The Nielsen Group at 440-786-8800 or lnielsen@thenielsengroup.com.

Marketing Redefined for Growth

Today’s businesses are experiencing unprecedented changes. New and increasing competition, lower margins and changing technology all impact the way companies do business. Together, these forces demand that businesses plan strategically, market creatively, organize cleverly and operate efficiently – all as a minimum requirement to survive in this fast-paced environment. That requires an organizational culture based on innovation, a mechanism to detect trends early and a business “not as usual” framework.

The place where this capability seems most important is marketing. The move toward micro-markets, product-based profitability and value-based solutions has redefined marketing’s contribution. Marketing can no longer focus just on tactical short-term efforts; it must accept

new responsibilities for focusing the organization on innovation, speed and customer value.

There is no doubt that marketing’s role has become more pivotal. The future foretells of the increasing, horizontally allied organizations brought together to create compelling, zero-error customer value based on core competencies. In order to fulfill marketing’s new responsibilities, it must change from executing familiar tactics that improve short-term performance to real market planning.

Marketing’s new strategic role means new responsibilities for ensuring that the value the company has chosen to deliver to the market can, in fact, be delivered when promised. Value is developed and delivered through product development, pricing and

distribution. Communicating the value to the market is done through the sales force, promotions, advertising, the Internet and other vehicles. Marketing must ensure that all value elements are developed and delivered to customer expectations with seamless continuity.

There are many misconceptions about marketing. Basically, marketing represents four core components: segmenting the market, selecting the right target markets, defining the value proposition and communicating the value to the target markets.

With the right market research and analysis, companies can quantify who will buy, how many will buy, why they buy and when specific markets will buy.

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Marketing Redefined

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These are vital points in developing an effective marketing plan that can secure and sustain market share.

Marketing can make or break your company. The strategies used over time to communicate value to customers and the market must be constantly monitored through proper market research. In anticipation of market shifts, marketing must take the lead in rapidly analyzing the changing factors and adjusting the strategy accordingly. Doing so leads to sustainability. Indeed, the ability to embrace change and quickly rethink, adjust and improve

"I can't say I was ever lost, but I was bewildered once for three days."

Daniel Boone

processes and offerings is key, and through sustainability comes market leadership and growth.

Sue Grant is founder and president of Ella & Associates, a U.S.-based market research group founded in 1991. The firm's clients include FORTUNE 200, Inc. 500 and privately held companies. You can reach Sue at 440-546-0448.

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With all these constant challenges, how do you keep a finger on the pulse of the business?

Lots of reports and regularly popping into meetings to hear what is going on. Often I grab a cup of coffee in the break room just to connect with some of our employees. But my most important two-way communications activities are the skip level meetings. We do skip level meetings twice a year: no supervisors, no managers. There are no reports from the meetings. The central question I ask in these meetings is, "What is the biggest thing I can do to help you do a better job?" I have been doing these types of meetings for years, and employees know I'm truly interested. So, we tend to have very productive sessions.

The employee input is great! They make important suggestions and help me understand how we are really doing.

What excites you about your work?

Everything! I love leading this organization. I am doing exactly what I love to do, and I thrive on the responsibility of building a dynamic culture, growing the business, responding to customers' needs. It is a rush!

But one of the most challenging aspects of my role is that of risk management. We are moving into uncharted territory daily. We can't wait to have all the information at our fingertips; we must take risks with product, customers, employees, vendors, etc.

"Leadership does not just begin with vision. It begins with getting people to confront the brutal facts and to act on the implications."

Jim Collins,
author, *Good to Great*

Sometimes you have to throw the dice, and I am the one responsible if the decision is wrong. My decisions impact people, and I feel a great deal of personal pressure to do the very best job I can every single day.

What advice would you give someone newly in the CEO/President's role?

Focus on the right stuff; it's critical. Create shareholder value and measure performance in as many ways as possible. There will be very challenging days; just expect those to happen but stay the course. I didn't expect it to be as tough as it is some days.

Be prepared to live through ups and downs because both good and bad things will happen. You will be overwhelmed sometimes, but you must not let that be visible. You may not be conscious of what you are projecting but your employees are watching and the CEO sets the tone for the business. **At SourceOne, we know "everything matters."**

You may contact Jerry at SourceOne Healthcare Technologies • 8020 Tyler Blvd. • Mentor, Ohio (440) 701-1200

Are you Savvy About the Global Economy?

The Savvy CEO Forum March 2, 2004

Savvy CEO Forums allow "Extraordinary managers to share their extraordinary insights" in conversation with our readers. And the Savvy CEO Forum "Thriving in the Global Economy" held on March 2, 2004 at the Cleveland Ritz Carlton was a high-energy exchange between our very savvy panel and our intensely interested audience of globally ready executives.

A hearty "thank you" to the Savvy CEO panel of Idelle Wolf of Barnes Distribution, Phil Spanninger from Americhem, Gary Johnson of Sawyer Research, Millie Pitts from Ferro Corp. and Kirk Merritt of the Ohio Dept. of Business Development. Each panel member shared wisdom from extensive experiences in succeeding in the global marketplace – and some near misses as well.

The Advisory Board of Michael Salkind, President of Business Tech Network; Pradip Kamat, President of Indus International; and Roddy Salas, President of RSR International, contributed their broad global knowledge to create an exciting morning of vibrant dialogue.

We are interested in your ideas for future Forums. Please contact Lee Nielsen at 440-786-8800 with comments. The next Savvy CEO Forum is tentatively scheduled for April 2005.

The Savvy CEO provides the free exchange of ideas and reflection on the art of exceptional management.

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For more information on submitting articles or subscriptions, contact Lee Nielsen at 440-786-8800 or lnielsen@thenielsengroup.com.

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Growing!

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The Nielsen Group

It's Always About People

Case Study:

A new acquisition has grown the company more than 50% in revenues and 70 more employees. What had been a fairly small company with a relaxed atmosphere is now struggling with new managers, new systems, new approaches to problems, new locations and lots more people.

It is all very exciting, but also stressful. The day-to-day rush just to get the basics done has grown more intense, and differences in approach create difficulties everyday, every hour. What the CEO viewed as a major asset to growth is now beginning to look like endless anxiety.

What is going on?

The acquisition of another company creates incredible pressures. Generally most acquisitions do not deliver expected gains because the people within the two companies have difficulty sorting through the changed priorities, procedures, management and more. This culture clash

will accelerate, resulting in much wasted effort. Two very different cultures impede success.

How to help?

The first step is for the CEO and key officials from both companies to define the culture of the new company. This requires frank discussion of strategy and values of both companies and an openness to accept the best of both. Sounds easy, but we hold our own ways and ideas very dear, so each executive must be ready to consider the needs of this entirely new organization.

Once the group has agreed upon the strategy and values, the real work begins: living the agreement in every action, everyday. This includes reviewing processes and ensuring that they are consistent with the strategy and values of the company. It includes managing daily interactions with the company values in mind.

How can The Nielsen Group help?

We work with groups of executives and employees in clarifying the new company's strategy and values. Together we review processes and operations to ensure the values are translated through actions. We help your company define and communicate the most effective strategy and values to your employees, customers and vendors.

It's Always About People. It's not just a slogan; it is a deep understanding that organizational growth is achieved only through the people on your team. If your people are in stress, so is your organization.

The Nielsen Group works with growing companies in creating exceptional performance through effective people strategies, dealing with significant people challenges and much more. Contact The Nielsen Group at 440-786-8800 or lnielsen@thenielsengroup.com.