



Jack Stahl
Former President of Coca-Cola and CEO of Revlon

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Lessons on Leadership

The 7 Fundamental Management Skills for Leaders at All Levels

Jack Stahl • Kaplan Publishing © 2007 • 240 pages

Leadership
Management

Take-Aways

- To manage a commercial organization, you need seven core leadership skills.
- First, set clear goals in a straightforward business plan.
- Second, recruit great employees.
- Third, become directly involved in their professional development.
- Focus on high performers. Don't waste time on underproducers.
- Fourth, adroitly position your brand with your buying public.
- Fifth, learn everything you can about your consumers so you can fulfill their needs.
- Sixth, develop and maintain, "long-term free cash flow."
- Seventh, learn to influence your staff, customers and stakeholders.
- Overall, watch the big picture, but also stay constantly aware of crucial details.

Recommendation

Jack Stahl worked for The Coca-Cola Company for 22 years, some of them as president. He was CEO of Revlon for five years. When it comes to leading businesses, he knows his stuff. In his book, he discusses mastering “seven frameworks” of executive leadership. He builds a strong case that corporate leaders need these “core skills.” Unfortunately, some of his prescriptions come across as elementary overviews, not concrete lessons. For example, to illustrate the need for clear corporate goals, he explains that he and his executive team set Revlon’s corporate goal as: “delivering the promise of beauty” to “consumers, customers, employees and shareowners.” Stahl says that, to shareholders, the promise of beauty meant “profitability” and “value.” The rhetoric is appealing, but it’s not very innovative: Readers know that all shareholders want to be part of a profitable business. However, *getAbstract* finds that the majority of the book is useful and on target. It is well-organized and carefully outlined. It solidly covers leadership basics and includes numerous useful examples. As a savvy, seasoned corporate leader, Stahl has a lot to teach. And he teaches much – but probably not all – of it in these pages.

Summary

The “Seven Frameworks” of Leadership

What is the best way to lead? First, consider your goals. You want to enhance your company’s capabilities and create a sound business strategy, produce and sell the best merchandise or services, and succeed at managing people, planning, communicating and making a profit. Strong executive leadership is a skill you can build. It depends on seven basic “frameworks” – core management capabilities and skills that any corporate leader must have. They are:

“Framework 1 – Leadership and Management”

Your company needs a clear goal or destination. Include the other people in your organization in the process of developing this objective. Listen to your colleagues. Know precisely how they feel. Then work with them to identify the overall results and returns you want for your enterprise. Quantify everything you hope to achieve to make it concrete. Establish a coherent strategy. To work, it must galvanize and motivate your employees. It should reflect clear choices regarding all of your organization’s options as it travels the road to fulfilling its goals and ambitions. Be bold in setting objectives. People will work overtime to win first place, but no one strives hard at the outset to place fourth or fifth.

“Strong leaders can drive your organization’s results beyond expectations.”

Even the best business plan is worthless without proper execution, which requires adequate assets, including funds, personnel, expertise, organization and physical infrastructure. Ensure that your organization is up to the tasks and mission you set for it. Specify all the necessary “action steps.” Determine who will do what, when and how? Make contingency plans for crises or obstacles. Estimate the resources your company will need and have solutions ready to implement.

“Your competitors are probably thinking about your consumers and their needs. You should do it first and constantly.”

Carefully controlling all communication is important, and controlling all perceptions is vital. Every member of your leadership team must speak with one voice as you thoroughly explain your business plan to everyone in the organization. Ensure that all your staff members understand the company’s strategy, plans and destinations, and are fully on board. Each department must develop its own separate action plan in alignment with your overall strategic plan, which should be simple to understand, remember and implement. Base it on common principles that can act as clear guideposts. Once your plan is underway, routinely monitor its progress. Pay close attention to details. Every plan has its cracks; find yours and seal them fast. Watch out for company cul-de-sacs where the plan may get misdirected. Leave nothing to chance.

“Framework 2 – Creating a High-Capability Organization”

To achieve its goals, your organization must have strong capabilities in every area, starting with great employees. The company must attract and retain the best people to reach its destination. Companies that move forward in today’s marketplace make a commitment to their employees. They provide the means by which their employees can increase their skills and become expert at what they do. Make sure your employees feel that they are helping to set the organization’s direction. Establish feedback channels so employees can let you know what they think and tell you what is happening in their areas of the business.

“People without a clear sense of where they are supposed to go will be unproductive or underproductive, wasting the organization’s time and money.”

Be a visible leader. Get out of your office and move around. Talk to your employees. Encourage them. Let them know you care. Help them develop expertise that will enable them to get ahead and that fulfills your organization’s needs. Approach employment logically and consistently. Hire and train the right managers and play an active role in recruitment. Sit in on interviews for vital jobs. Insist that job applicants give you specific information about their contributions in past jobs. You want the kind of people who can handle grunt assignments based on your industry’s basic skills and who can tackle jobs that demand special expertise. Hire people who work well under pressure. Your organization operates in a diverse world, so having a diversified workforce is both good policy and smart business. Being hidebound and insular is commercial suicide.

“Framework 3 – Developing People”

Interact daily with your employees and play an active role in their development. Ensure that professional growth becomes the norm within your organization. Coach and mentor your staff members. Challenge them to test themselves against tough standards. Encourage them to embrace difficult assignments so they develop the skills they need to get ahead. Help managers and employees acquire “project and process experience.” Employees need to understand that you and the organization expect them to develop their individual expertise. Give everyone the opportunity to handle special projects that have firm goals and clear starting and ending dates. Insist on regular updates on all projects, including status reports that list the outstanding “action steps.”

“Coach the people you believe have strong potential for your organization.”

While managers cannot attain superior results overnight, they do need to learn to work in a pressured environment with specific goals to reach within discrete time periods. Without such a sense of urgency, managers cannot grow. At the same time, executives must give employees sufficient feedback and resources to reach their objectives. Adjust your management style to fit individual situations. Sometimes, you must supervise your employees tightly and monitor them closely. Other times, a hands-off approach is more effective. Don't spend all your time with poor performers. If people can't do their jobs and you cannot train them, you may need to transfer or fire them. Focus on your firm's top performers so you can help them do even better. Always take a strategic approach to compensation. Show your employees how their actions drive the value of your business. Let them know when they've done well and where they need to improve. Provide salary increases routinely, but in small amounts. Pay for performance. Compensate spectacular results.

“Framework 4 – Brand Positioning with Consumers”

Companies rise or fall on the strength of their brands, so brand management and positioning are pivotal. The best firms offer distinct brand messages. For Coca-Cola, the theme is genuineness (“the real thing”), refreshment and family fun. For Revlon, it's glamour and sexiness. For Dell Computers, it's “ease of purchase,” and for Starbucks, it's the “purchase experience.” What does your brand offer that is unique? Your ads and promotional activities should reinforce your brand's benefits and make your branding message crystal clear.

“Strong marketing power is the result of taking the time to develop clear and concise positioning for your brand.”

To develop a strong brand, you must know your targeted customers and focus your promotional efforts on their needs. Make sure your products' graphics and appearance supports your positioning, from point-of-purchase displays to delivery drivers' uniforms. Establish suitable marketing relationships that support your brand by choosing brands that invoke similar images. For instance, Coca-Cola and the National Association for Stock Car Auto Racing (NASCAR) work well together. Coke's marketers develop special NASCAR promotions for the two organizations' mutual benefit. However, Coca-Cola and professional wrestling are not a good fit, as popular as wrestling may be. When it comes to branding, avoid the “positioning leakage” that can occur when your ads do not spotlight your actual brand attributes, and become unfocused and even misdirected. Make sure your ad agency fully understands and conveys the brand message your organization wants to communicate.

“Framework 5 – Customer Relationship Management”

Your company depends on its business customers as the commercial infrastructure for marketing its products. Get as close to them as possible. Learn who they are, what they want and what matters to them. Every day, in every way, demonstrate that your products or services deliver true value to them. Offer and maintain the strongest, broadest range of possible customer services. Don't lose business because you cannot provide sufficient services. Show your customers that you care about them. Discover their hot

buttons. Learn their business strategies and goals and support them. Meet with them routinely to make sure that they are happy with you.

“I have learned that it is easy to communicate one on one with more than 100 people every week.”

Train your sales representatives to allocate the proper time and resources to your primary customers. Make sure that your salespeople pay close attention to your ROI on the efforts they expend on their commercial accounts. Don't let customers buffalo you that they must have incentives or special pricing. Expend your limited resources wisely. If a customer adamantly makes unfair demands for lower prices or other considerations, walk away.

“Projects are like minefields – the longer you stay in one, the more likely you are to walk into a problem.”

Get to know the special characteristics of the buyers within the companies that are your customers. The “economic buyer” is the insider with primary authority over purchasing decisions. This is not always the CEO. It could be a division head. If you are selling equipment, the “user buyer” may become particularly important. This person may be the plant manager who will use your equipment. Sometimes, the recommendation of a “technical buyer” can make or break a sale. Whenever you can, develop a “coach” – someone inside the customer's organization who likes what you're selling and wants to help you win the business.

“Framework 6 – Financial Strategy and Management”

“Maximizing long-term free cash flow” should be the center of your financial strategy. Free cash flow is the money you have after paying your costs and reinvesting in your enterprise. Return on that investment is a pivotal factor. When you create and sustain free cash flow, you are building value. Your financial planning must encompass ways to secure – and protect – growth capital for the long run. You must deeply understand your organization's “overall cost of capital,” that is, its “required rate of return” on major expenditures, such as “investments in fixed assets.” Set your dividend payout ratio so that you always have funds available for reinvestment. Projects with rates of return that are lower than your cost of capital usually will not be financially viable. With “major projects...schedule frequent project updates, and be sure that when someone says something is done, it is totally complete.”

“The development of a selling strategy, or how you will approach the sale, starts with listening.”

Fiscal leadership requires staying on top of many, wide ranging considerations, from evaluating projects to working with your stockholders. Always communicate openly with your investors and the investment community. Ensure that your financial people serve your operation wisely. Insist that they routinely focus on value creation, including controlling costs and using capital effectively. Establish strong “control and information reporting systems.” Your financial decisions should enhance your company's worth to its owners.

“Framework 7 – Influencing People”

To lead a commercial organization, you must be able to influence its employees, customers and other vital audiences. First, offer meritorious ideas and make the people you wish to influence feel valued and respected. You have several powerful tools for influencing others, including your presence, your sense of command, and your spoken and written words.

“Listen closely to learn about the little things you can do as an added service for your customer. They may be big for them.”

To communicate effectively, you must know your specific audience, what concerns motivate them and what business decisions matter to them. What are their primary concerns? How do they perceive things? Carefully organize your overall “communication plan” or individual presentation to have the maximum impact on your audience. Understand fully exactly what actions you want your audience members to take or how you want them to think as a result of your presentation. To get others to accept your ideas, you must connect with them on a personal level. The best way is to be humble. Use humor. Show passion. Exhibit trust. Speak simply, as one friend to another.

“In leadership, visibility counts.”

Organizational leadership requires a clear destination, an expert management team, great employees, a sensible strategy, a good plan and effective execution. The attainment of commercial goals requires hard work, focus and dedication. Keep your eye on the big picture, but also pay constant attention to all the little things that can make a big difference. Develop your employees and enhance their skills. Prepare for setbacks; when they happen, move beyond them. Clearly communicate your vision for your organization. Promote it. Make sure that everyone in your company supports its overall plan. The result will be uniquely satisfying: the attainment of your organization’s destination, the achievement of a shared, meaningful goal. That is the crux of executive leadership.

About the Author

Jack Stahl is the past president of The Coca-Cola Company, and past president and CEO of Revlon, both *Fortune* 500 companies. He holds a master’s degree from the Wharton School of Business at the University of Pennsylvania.



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