

# Case Study

**Eileen Roche** (eroche@hbr.org) is a contributing editor at *Harvard Business Review*.



## The Experts



**Bruce Chizen** (bruce@chizenventures.com) is a venture partner at Voyage Capital in Seattle and a senior adviser at Permira Advisers, which is headquartered in London. He was previously the CEO of Adobe.



**Debra Benton** (debra@debrabenton.com) is an executive coach, the founder of Benton Management Resources in Livermore, Colorado, and the author of *CEO Material: How to Be a Leader in Any Organization* (McGraw-Hill, 2009).

# Overpromoted and Over His Head

Dan Sestak has had an impressive career at packaged-foods giant NutriSelect. But with his latest promotion, has he bitten off more than he can chew? *by Eileen Roche*

Dan Sestak scanned the article on page two of the business section again, his headache intensifying. “Three months after NutriSelect CEO Michael Botolph died of a heart attack, the skills of his successor are being questioned,” it read. “Insiders report that new CEO Daniel Sestak, aged 43, lacks the experience and the vision to effectively take the helm.” The story went on to reveal worrisome details about the company’s financial situation, which was shakier than it had appeared.

Clearly, someone at NutriSelect had chosen to leak inside information to the media rather than deal with Dan directly, and he hated that. It was the coward’s way, and it would only hurt the company in the long run. But the worst part was that he couldn’t deny there was some truth to the report. He had taken on much more than he had bargained for, and at this moment he wasn’t entirely confident that he was up to the challenge. That was a new and unsettling feeling for him.

Dan had sailed through an Ivy League education and graduated at the top of his class in business school. Quickly labeled a rising star at food giant NutriSelect—which made breakfast cereals, frozen desserts,

and nearly every type of food a person could eat in between—he had entered the executive-training program, rotating through positions in operations, marketing, and strategy. Each time he was handed bigger challenges and more responsibility. He’d proven to be resourceful and creative, and he’d been praised for his fresh perspective. Maybe packaged goods weren’t as sexy as Silicon Valley, where many of his B-school friends had headed, but Dan had foreseen exciting changes in the food industry. He was convinced that with consumers becoming more health-conscious, organic farming was where the future of the industry lay. NutriSelect had been one of the first large companies to recognize the trend. Dan had been leading the organics division when, six months ago, the board approached him saying they’d like to groom him as Michael’s successor.

According to the plan, Michael would stay on for an additional five years to mentor Dan and ensure a smooth transition. That would give Dan ample time to develop a strong understanding of the whole organization and to gain the confidence of the senior team. When Dan accepted the assignment, he’d heard grumblings about his age, and he was well aware that there

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were a few noses out of joint among those who'd been passed over. But he expected that with time, he'd win them over, just as he'd won over detractors in organics. Now, with Michael gone, time was a luxury he didn't have.

### Simmering in the C-Suite

"Before we wrap things up, I need to address one last issue," Dan said to his senior executive team. They were gathered in the conference room for their weekly meeting and had just finished reviewing budget projections. "I'm assuming you've all seen the piece on NutriSelect, and on me in particular, in today's *Journal*." Dan looked around the table, wondering if the inside source was staring back at him. Cybil Meachem looked uncomfortable, but as the head of public relations, she had every reason to be. Sam Choi, the head of human resources, gave him a sympathetic smile. The CFO, Richard Wells, looked annoyed, Dan thought, but whether at the article or at him, he couldn't tell. He and Richard had a strained working relationship at best.

Once Dan had been named CEO, he started poring through reports to get a better handle on the company's financial

## Dan wasn't looking for a fight, but he wasn't about to be intimidated, either.

situation. He couldn't tell if Richard took his hands-on approach as a personal affront or was simply irate that he hadn't been tapped for the top job. Richard had reminded Dan more than once that he'd been overseeing the company's numbers for two decades—longer than Dan had been out of B school.

Dan wasn't looking for a fight, but he wasn't about to be intimidated, either. The investments in the pension plan, for instance, weren't diversified, and as a result, they'd taken a serious beating in 2008. Every business had to deal with fallout from the market dive, but NutriSelect had been hit especially hard. Dan was confounded by the company's performance. With the strategy Michael had put in place and several good investments in technology and R&D, the company should have been doing much better than it was.

"There was confidential financial information in that story," Dan said. "Whoever

the source was, he or she had access to our latest numbers."

Rena Singh, the COO, said sharply, "You're not accusing someone in this room, are you?" She was sitting next to Richard, Dan noticed. That was hardly a surprise. He thought of them as the old guard, and although neither had been overtly confrontational, each had hinted that Dan wasn't ready for his new role. He thought back to the disagreement they'd had about a contract Rena and Richard had orchestrated last year with a new supplier for the frozen dinners line. The deal saved the company several million dollars, but Dan worried that it sacrificed quality. Saving money now but losing customers down the line wasn't a trade-off Dan was willing to make, especially not when health risks were a real possibility: How would they respond if salmonella were discovered in the product line? Fear of a scandal like the E. coli spinach contamination in 2006, or last year's peanut recall, was the sort of thing that kept Dan up at night. When he broached the issue, they had been dismissive, arguing that recouping losses from the downturn had to be the company's top priority. Richard had even suggested that Dan was being overly idealistic. Rena added, "You signed up for more than organics when you stepped into this role."

Dan pushed the recollection from his mind. "I'm not accusing anyone," he said. "None of us is happy with the negative press. But this isn't the work of some angry production employee. We need to look at our staffs carefully."

"I know you're feeling the heat," Rena shot back, "but do you honestly believe a witch hunt is the best way to approach this?"

Feeling the tension mount, Cybil jumped in. "Of course this is not the type of press coverage we're looking for," she said with a rueful smile, "but it's not the end of the world. I can draft a statement, maybe get you an interview with *Food Processing* or some local outlets. Since the spotlight is on you, we should try to turn it to our advantage."

### READERS' INSIGHTS

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### Some advice from our readers:

Dan needs to...de-escalate the issue by admitting he feels unprepared for the role and needs Richard's and Rena's support and counsel. By bringing them closer to his inner circle, he's giving them a stake in his success.

**Mark Bigelow**, strategic risk analyst, *Premiera Blue Cross Corporation*

The board should shoulder the mentoring that Michael would have assumed. It's in their best interest: If Dan fails, it will make recruiting a replacement that much more difficult.

**Rebecca L. Ray**, former senior VP, *Global Talent Management, MasterCard*

Dan and his team need to get out of the boardroom! They need to visit every division, shaking hands and talking with line managers and their direct reports to get to the core issues facing the company. They need to assess vendor and supplier relationships; visit customers, wholesalers, and distributors; and gauge their customers' needs.

**Don Sedy**, managing partner, *Revolution Bridge Consulting*

Sam nodded. “Let’s not get distracted. Shareholders understand that new leaders go through a period of transition. If we stay focused on what we need to—our core business—the results will speak for themselves.”

### If You Can’t Stand the Heat

When the meeting wrapped up, Dan returned to his office. He had only a half hour before a full afternoon of back-to-back appointments, but he couldn’t concentrate on his e-mail. He knew he hadn’t handled himself well. The last thing he needed was to sow strife in his team or seem on the defensive. He already had more on his plate than he could handle: meeting quarterly budget numbers, setting strategic goals for the next five years, bolstering employee morale after the death of the CEO, and now dealing with bad press. Taking a steadying breath, he picked up the phone to call Hal Brown, his friend and mentor on the board. He hoped the directors weren’t second-guessing their decision to hand him the reins several years earlier than planned.

After exchanging pleasantries with Dan, Hal cut to the chase. “Look, we’ve seen the article, and we know this isn’t easy for you. But remember, Dan, you have supporters on the board. Take your time, keep meeting with your coach, keep doing the things that brought you here. You’re a smart guy—you’ll figure it out.”

Hanging up the receiver, Dan felt reassured. He apparently didn’t need to worry about a board revolt—at least not yet—but he still had his work cut out for him. First on his list was to shore up his relationships with the senior executives. Without their buy-in, he knew, he’d have no chance to succeed.

As he made his way to his next meeting, he considered his options. There was an argument to be made for biding his time and trying to build rapport with his colleagues slowly. They had just experienced a major shake-up and a personal tragedy, after all. It was natural for people to need time to adjust—and grieve. On the other

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## The Experts Respond

hand, Sam had warned him that the rank and file were feeling stressed. With new leadership at the top, employees were fearful that Michael Botolph's pledge of no layoffs might be reversed. Maybe Dan should try to focus the company's energy on something positive: NutriSelect's 75th anniversary was coming up next year. He could ask his marketing head, Allison Franklin, to come up with a new campaign to celebrate NutriSelect's history. They had worked well together before, and he admired her creativity. And Sam could take the lead in planning an internal celebration. It couldn't be extravagant, but recognizing the dedication of the firm's workforce, especially in tough economic times, might boost morale.

That wouldn't help the situation with Rena and Richard, however. Should he take a more conciliatory approach, he wondered? If he admitted that he was in over his head and needed their guidance, would they be more apt to support him? Showing weakness would be a risk, though. He had been chosen as CEO because the board believed he could take NutriSelect to the next level. If he didn't start moving the company in a new direction, how long would he keep the board in his corner?

He thought again of the supplier contract—the one Richard and Rena had fully supported. He wanted NutriSelect to be known for healthful, affordable food and to set the industry standard for quality. And it couldn't reach those goals if costs were its sole priority. Maybe Dan had to prove that he was in control by taking a firm stand now.

Dan knew he had to choose fast. The longer he flailed, the harder it would be for him—and the company—to recover.

**I've never met a person who said, "When I stepped into my first CEO role, it was a piece of cake."**  
**Bruce Chizen**



I can empathize with Dan's situation. But when you're in over your head, you have to acknowledge it. You also need to remind those around you that you're in that job because a lot of smart people have confidence in your abilities. It's on you to acquire the knowledge needed to do the job right. So ask for advice from colleagues, mentors, and board members. It's OK to say, "I've never done this sort of presentation to analysts before, can you help me?" That's how you learn.

Dan seems to have missed his chance to gain crucial support when he was first promoted. Had he sat down with the executive team and said, "I realize I've got weaknesses and I have a lot to learn, but I hope I have your support," he might have avoided some of the tension. When I took over Adobe from founders John Warnock and Chuck Geschke, I was up front about our differences: I wasn't an engineer; I didn't have a PhD. There was no way I could replace them. I told people, "I'm not a science guy." Maybe Dan has to say to his CFO, "I don't claim to be an expert in accounting rules. But as CEO, I'm the one who has to answer to the board, and so I am going to be asking you questions about things I don't understand, like the investment decisions."

Dan can't be an effective leader if he's constantly questioning who's behind him. He needs to be direct with his colleagues. Tell them, "Look, I'm ultimately responsible

for the direction and the success of this company. You're not. If you can't live with that, then we need to talk about your career options." Dan should bear in mind that it's OK for his team to have dissenting opinions: They might think he's being overly sensitive about food quality and he might feel their emphasis on cost cutting is dangerous. Such conflict typically generates healthy debate. But when he makes the final call, they must support it. If they won't, then Dan has to get rid of them. He should prepare his board for that possibility.

Taking over for a CEO before you're ready is hard. But I've never met a person who said, "When I stepped into my first CEO role, it was a piece of cake." So had Dan waited five years to take the reins, he'd still struggle. One of the best things Dan could do is join a peer group. I met with one quarterly; being able to talk openly about issues that we were all facing was a huge help. Let's face it, being a CEO is a lonely job.

**It's not about being an SOB, it's about being pragmatic: Fear is more motivating than love.**  
**Debra Benton**



If Dan has the right stuff to be CEO in five years, then he has the right stuff now. His first priority should

be camouflaging his self-doubt. That starts by changing his inner dialogue from "I'm floundering" to "I can do this." Everyone who has ever been promoted has felt overwhelmed from time to time. That's a natural reaction to being thrust into unknown territory. But you have to believe you can do the job—and you have to look and act that way, too. If you don't appear confident, your insecurities will breed uncertainty in others. That's at least partly what's happening here.



**What's the best way for Dan to turn this situation around?**



Dan may have thought he was being respectful by giving the company time to mourn. But he can't sit idle for much longer; it makes him look weak. And someone has thrown down the gauntlet with a press leak that jeopardizes his position. He has to start shaking things up.

If I were Dan's coach, I would recommend that, after a careful review of his team's competencies, he get rid of the weakest member. It makes the statement that Dan is not to be trifled with. It's not about being an SOB, it's about being pragmatic: Fear is more motivating than love. Richard and Rena, who resent Dan for getting the CEO job, have been operating with malevolent obedience, not support. If they see a colleague get fired, they may fall into line and start collaborating with him. I worked with a client who became CEO of a hotel chain at age 36 and inherited a senior team filled with people who'd worked at the company for 30 years. They had no intention of changing the way they had always done things. After trying to make it work, he eventually said, "I'm sorry, but I can't be successful with you here" and brought in a friendlier team. Even if Dan has to settle for a team that is less seasoned, he's better off. He's much more likely to be successful with a team of above-average people who support him than with a group of exceptional executives who are out to get him. If Dan can create a united senior team that's committed to learning more every day, he'll be able to start dealing with other priorities.

Above all, Dan needs to focus on getting up to speed on the areas he's weakest in. All day, every day, he needs to ask questions and listen carefully, critically, and objectively to gain more information. Even the things he thought he knew may look different when he approaches them wearing the CEO hat. ♥

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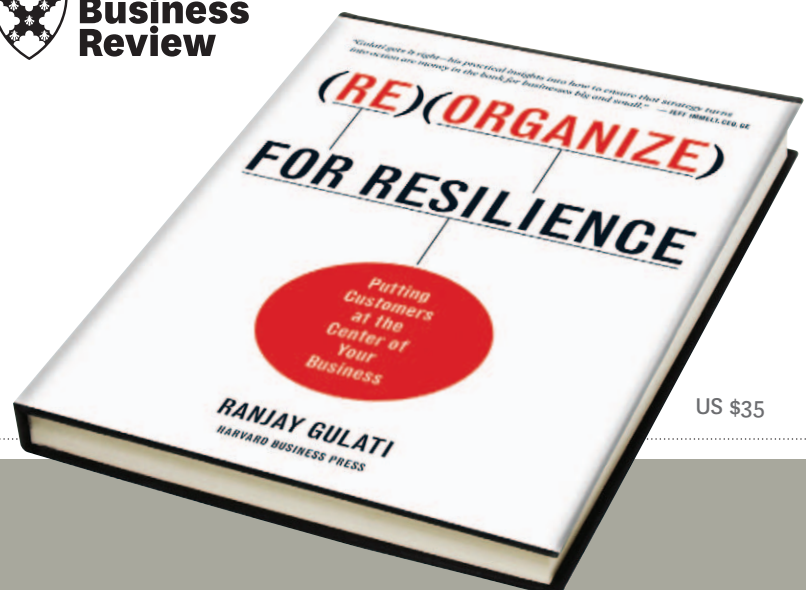
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