CEO IN ACTION

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Acknowledgements

Great thanks must be expressed to the following people:

The heavenly Father, for granting me the wisdom and inspiration to record the information in this book, which I began on April 8, 2018, and completed on May 2, 2018; my family, for their continued encouragement and support regarding various challenges; and several people who have assisted with reviewing and editing the book:

- Christine Spencer-Coates, BSc. & Dip. in Pub. Mgmt.
- Shonette Inniss-Hoyte, MBA, BSc. Econ, FLIM, ACS
- Pastor Jocelyn Dolphin
- Eson K. Crandon, Bs. Soc. Social Work
- Shawn Rogers, Adv. Dipl. Project Mgmt., A+ Certification, Telecommunication Certification
- Jacqueline James

To you, the reader: have fun while reading, and grasp and practice what you learn so that this world will become a better place. Many people are depending on your guidance. We all need a shoulder to lean on and a hand to guide us.

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Introduction

A person who is employed must have high expectations that they will one day direct their entire organization, whether they own the organization, or it belongs to another. Unless you have high expectations, you will not reach the pinnacle of an organization. There is no danger in thinking big. You will act according to your thinking, which can make you the CEO of an organization or not.

As you journey through this book, there are many important things that you will need to know. These will help you to become an effective chief executive officer. You are not born with a chief executive officer attitude; you earn it. There is much effort required to reach that position. You must be diligent, persistent and a vital team member.

Many persons feel that in order to become the chief executive officer, they must know all aspects of the organization. While that may be their view, it is not a fact. When you become the chief executive officer, you will not know everything, but will have to depend on others to provide you with critical and accurate information, so that you will be able to make important decisions for the organization. The chief executive officer must work with their team to obtain quality information, so that when a decision has to be made there will not be any regrets related to inaccurate information.

This book provides a systematic review of many departments or units that operate within an organization and shows the involvement of the chief executive officer (CEO) in each of those departments. The bird's eye view provided here will help a CEO become more aware and understand how to become more effective.

Many of the departments and functions mentioned here are modern and will reflect the current activities they perform. Only once the CEO becomes familiar with the department and their responsibility will they make a strategic decision for the sustainability of the organization. Sometimes they might have biases related to their studies and areas of expertise, but this book synchronizes all those concerns so that a CEO will deliver an excellent performance.

There will be challenges during the occupancy of such a prestigious office, but some of those challenges will not last forever. The CEO ought to be willing and able to change the negative behavior of employees within an organization into a positive future. This requires much work, but it is possible.

You can help other persons to become effective as you spend time duplicating yourself. If you are excellent, you will not be out of work, so teach others what you know.

To become the CEO an organization is searching for, read this.

1. A Leader is Needed

Every organization's aim is to succeed. Success does not happen overnight!

Some successes may be as a result of natural events, and some may because of the inputs of persons in a process. In this chapter, you will learn that there is a great need for a person who can lead the organization, thus contributing to its success.

Human beings demonstrate unique leadership abilities. They can make deep analytical decisions that affect processes in the universe because of their intuition, rather than their knowledge. There is that constant push for artificial intelligence (AI), but people can sometimes make a certain decision, which is not based on all of the prevailing factors, but instead on a deeper feeling, that may not be easily available to other people or machines.

However, it must be remembered that some decisions must be made from facts and some from emotions, while others can be made from a mixture of both.

1.1 Knowledge of the Business

It is often difficult to manage a business without any idea of that business. Intelligence is always good, but a leader has to know the specifics of an enterprise. Some businesses cannot be understood overnight, but require the leader to spend significant time on them and to have a proper understanding of their inner workings.

The leader who is willing to spend time understanding their business may be able to have many successes.

It will always be difficult to play lawn tennis on a field set for basketball players. This sometimes happens to some leaders, as they are busy trying to deploy their skills in an area that requires a different approach. Some leaders spend much time exerting energy in areas where they do not need to use any at all.

A leader must have some understanding of their business and where their skills need to be used. Possible places to obtain that understanding include, but are not limited to, those below:

Figure 1. Sources of knowledge about the organization

(All figures developed by the author unless otherwise noted.)

Sometimes, an organization is very complex, and it may take some leaders a very long time to understand it. On the other hand, some leaders are skilled and will find ways of learning about the organization that may enable them to make positive impacts within a very short time. The involvement of people in the organization's success is always important. The leader must be able to steer the ship in the right direction, by making careful decisions based on their knowledge of the business. Not all the information provided in the media may be correct! Therefore, leaders must be very mindful of what is being read and listened to, since those careful decisions must also work from a factual point of view.

A leader's ear must be carefully trained to hear information and decide what may be applicable and what may be quickly disposed of. Some leaders are of the view that all information that they hear must be acted upon. That is not a correct approach, and may be harmful to those who like to act without confirming the veracity of information.

Knowing some or many parts of the business is an important asset for each leader who has been entrusted with the authority of the chief executive officer (CEO). In some locations and type of organizations, the functions of the CEO may be allocated to persons designated as managing directors (MDs), general manager (GMs), managers, administrators, coordinators, team leader, etc. In this book, leaders will be referred to as CEOs.

1.2 Knowledge of the Industry

Each organization will operate within a space shared by a set of similar organizations, performing a similar or identical function or service. Many times, some persons in an organization are of the belief that theirs is the only organization doing what it does. That may not be true.

Once the CEO understands their industry and operates according to its rules, there may be the potential for great success and less conflict. Some CEOs may become overzealous, and may presume that theirs will be the only organization to set certain standards. That approach may have both a positive and negative impact.

Knowledge of the industry in which they operate is a key resource that any leader ought to have. Such knowledge can prevent many pitfalls and help an organization to proceed in the right direction.

Every industry will have its rules. Those rules are not intended to hurt organizations, but to help them to remain focused and follow the rules of the game. Those that choose to deviate from the regulations of their industry may soon find themselves facing certain sanctions. To follow the industry's standards may prove to be very beneficial, since the organization may avoid fines for deviation, and may also benefit from whatever negotiations the elected body of that industry conducts on behalf of its members.

Figure 2. Some companies that are part of the insurance industry

All the companies in the simple sample above offer a service to the public. These companies will sometimes compete with each other. It must be noted that they offer different services to customers, but there are some similarities in their operations. Some of their sales agents will leave one insurance company and join another that may offer them something more enticing.

Persons who work for these companies speak a similar jargon, since it is a common language for that industry. There are occasions where seminars and other meetings will be organized for senior management (including the CEO) to attend. This may become necessary when new regulations are instituted or review of some aspect of the industry is needed. At these seminars, various leaders within the insurance industry will discuss the new regulations and how it will impact their organization. Sometimes, they may also have to provide recommendations to a governing authority, before the regulation is adopted in whole or in parts.

Most of the staff in the insurance industry will become familiar with some of the approaches that must be taken to gain and keep customers. Some of the knowledge and techniques the employees learned for the insurance industry, may not be applicable to the mining industry. From this example, we can see that some knowledge will help a person to be proficient in a particular industry, but may not be able to be transferred to another industry.

The CEO ought not to operate in isolation from the regulations that govern the industry they operate in. Whenever some organizations need to recruit senior persons, they will often clearly indicate that they need persons who have knowledge or experience in a particular industry. This attempt to recruit persons in the same industry is to prevent conflicts that can be brought to the industry by someone who does not understand it, and at the same time, to quickly gain from existing expertise.

Every CEO must spend time increasing their knowledge, first about their company, and then about others in their industry. There may be some correlation between some companies that is important to understand.

It must be known that the work of a CEO is never limited to their organization and industry! The greater understanding they have about some other important aspects of business, the more likely it is that their stewardship will yield significant results.

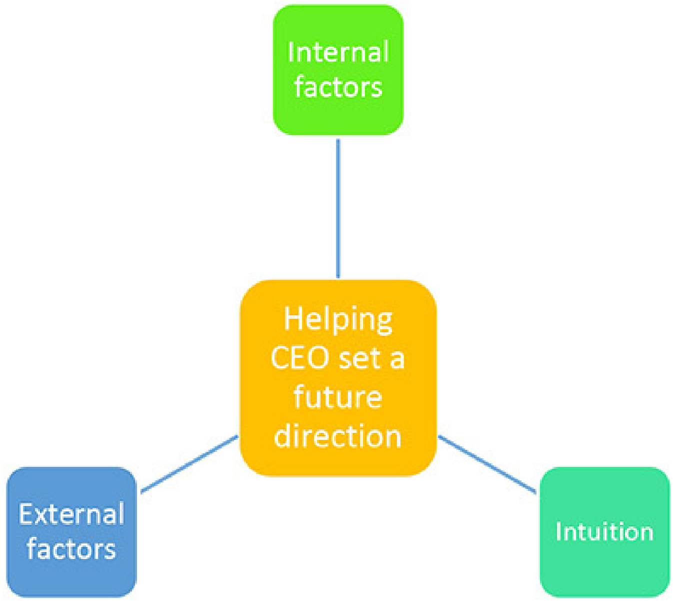
You may be aware that some CEOs are sought after by other organizations in the same industry. This is not only because of their academic accomplishments, but because of other important skillsets and exposures they have acquired over the years.

The CEO who wants success for his organization must be willing to invest in him or herself. You can move faster than other persons in the same industry can if you spend time developing yourself for that industry and even other industries. If you have not invested in yourself yet, it might be time to do so.

1.3 Willingness to Combine Internal and External Factors

The CEO must be willing to use both internal and external factors to set the future direction of their organization. Both internal and external factors have individual limitations, but combined, they can lead to great success.

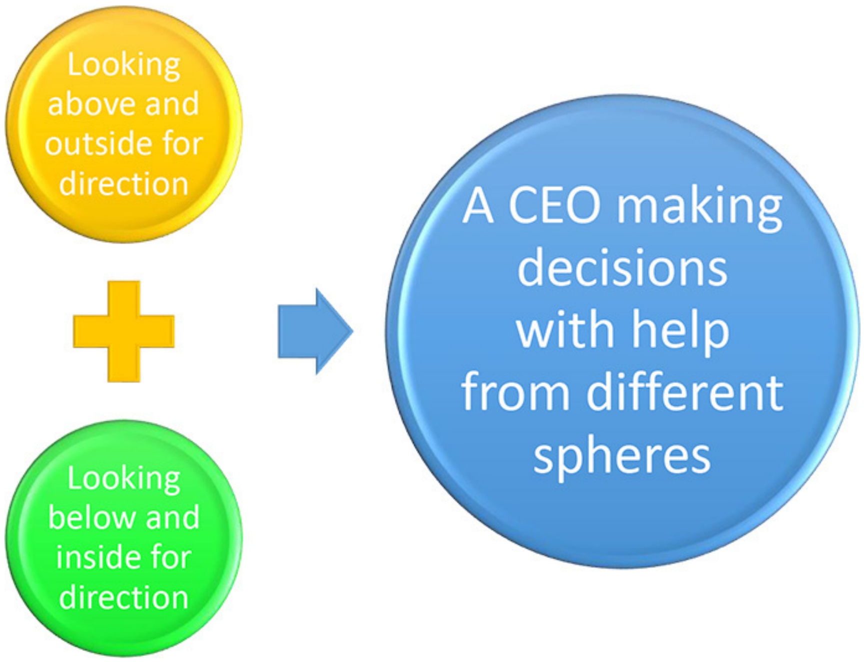
Figure 3. Internal and external factors will help the CEO set a future direction



The CEO must be careful in choosing the internal and external factors to work with. A wrong choice can lead to destruction. In the field of chemistry, if you mix certain elements, you can have an explosion. However, if you mix other elements in the right proportion and at the right time, you may have a great product to work with. A similar approach must be taken by each CEO to ensure that the mixing of views and information is done correctly.

A CEO should not wait until things go wrong before trying to think of what will lead to success. It is expected that the CEO will be looking below and above before making a decision. Both internal and external information will contribute to the overall success of the organization.

Figure 4. Making a decision with the help of internal and external options



The CEO, as the leader, does not possess all the knowledge and skills, and must be willing to seek guidance and advice from many sources. Some of those sources are common, while others may be uncommon. The end result must always be to make a wise decision about the future of the organization. Once the CEO is able to provide good direction for the organization, then there will be many years of success, and that organization can become the leader in its industry.

1.4 Incorporating the Views of Others

Thus, the fact must be stated that a CEO does not know everything and will not know everything. Some persons believe that in order to become a CEO, they have to have more education than everyone else, speak in a particular manner, etc. Those are fictions. The reality is that <u>a CEO is just an ordinary person who makes decisions on behalf of the entire organization, but with some understanding of the organization and with the possible/ultimate intention for the success of the organization.</u>

It cannot be overemphasized that some CEOs make decisions for their personal interest. Some do not consult with other persons in the organization who have relevant and current information. Some organizations fail, not because of the absence of information, but because of the desire of the CEO to make all decisions independently.

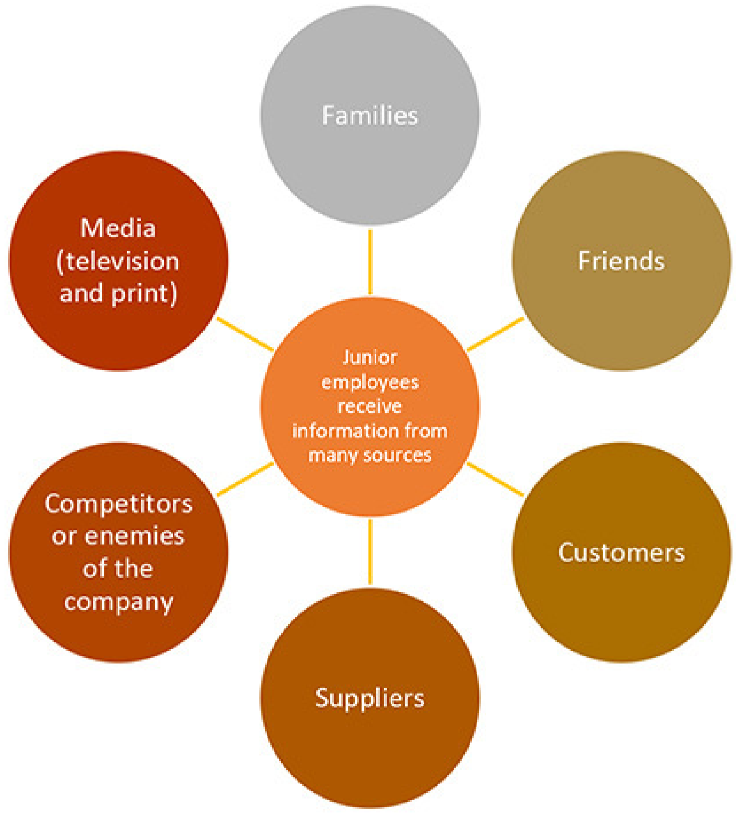
An organization has layers or hierarchies. Each person at each level has an important view of the organization. You may only know more about a person's importance and their understanding of the organization if you spend time with them, interact with them or give them the necessary opportunities. Some of the potential successes of the organization may be resting on persons who are least considered or lower in the organizational hierarchy.

The leader who is loved by many persons and makes decisions for the success of the organization is one who listens to people at all levels in the organization. Each CEO must choose the people to whom they will listen and try to engage them when the need arises. The CEO will also need to listen to persons who may have critical views, since these views can enhance future decision-making. No one must be treated as the least important.

Some important views on the future of the organization can be found among its undiscovered treasures. When you listen to the views of some of the junior employees, you can hear about the shortcomings of many leaders and they may be willing to provide guidance of what can be done by current leaders for the success of the organization.

Junior employees often receive information from many sources, which may become important for the organization.

Figure 5. Junior employees have access to information from many sources


Families
Media (television and print)
Friends
Junior employees receive information from many sources
Competitors or enemies of the company
Customers
Suppliers

2. Operation and Administration

Many times, the CEO has to carefully manage operations. This area of the organization often sounds simple to some persons, but depending on the type of organization, it can be challenging. Some organizations may rarely have operational activities. However, there are others that have numerous operational and administrative activities.

2.1 Managing Available Resources

Managing resources as a CEO may not always be an easy thing. Some resources are available at a person's fingertips, and therefore easy to use. For example, if an organization has access to vehicles to transport its products to customers, then the organization may be able to meet the needs of those customers on a regular basis. In this case, customers may not have many complaints about late delivery, and therefore the CEO may not have many challenges related to the operation of their organization. Most CEOs will be happy to have most of the resources necessary to perform their jobs quickly.

Some resources are scarce, and must be managed carefully. A CEO must be aware of this. The use of such resources may need to be prioritized.

While the CEO may not directly be involved in the usage of the resources, he or she must set the tone concerning that usage. When junior employees see that senior employees use the resources carefully, they may follow a similar pattern.

The CEO may agree to a policy for the organization under which, once employees leave their office for a long period, they are required to turn off the air conditioner or lights. Junior employees may look to see if the senior officers are doing as the policy states. In cases where senior employees follow the policy, then the junior employees may do likewise. When senior employees fail to set the example, many junior employees will ignore the policy.

Most organizations have finite resources. Therefore, careful use of them is very important.

2.2 Expectations for Future Resources

When an organization does not have all the resources necessary, there are many decisions that have to be made by those in charge. Some of the decisions may include determining who will be able to benefit from the resources first, and then who will be next to benefit if any remain.

While there may be an operational officer to make decisions about resources, the involvement of the CEO remains critical. A short supply of any resources can cause an organization to cease operations on a temporary or permanent basis.

Planning remains a key ingredient in cases of inadequate and scarce resources. It helps the operations officer and the CEO to think ahead of today's activities, with the intention of finding suitable solutions to operational challenges for the organization, and can be done for the short and long term. Planning for operational challenges can sometimes involve a group of persons, since resource shortages may have a spiral effect on many other activities within the organization.

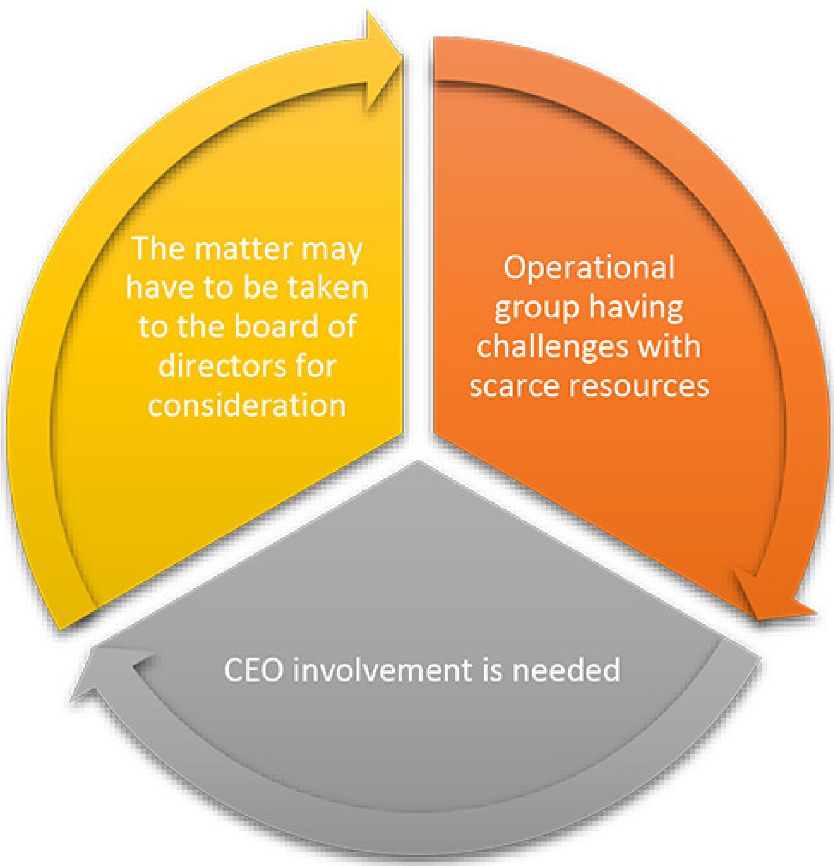
It may be the duty of the CEO to assemble an emergency team to address operational issues. In such a situation, choosing appropriate persons to form such a team can be a great challenge. The CEO must ensure representation from different departments within the organization. Many persons may have ideas, but their ideas may or may not support the success of the organization at the current point. When putting together their team, a leader will choose persons who can participate in meaningful discussion within the group. It is also expected that less time will be spent disagreeing and more time will be spent on finding common ground. It is not expected that everyone in the group may agree on every point, but it is also not expected that everyone will disagree in all areas.

Time is crucial when important resources are scarce. Taking too long to make important decisions can cause the organization to be adversely affected. Those persons who are part of the special group that was established must put their thoughts together in a timely manner and make a final decision for the organization to succeed.

Group members must ensure that most regulations, if not all, are maintained under these circumstances. Persons may sometimes attempt to break certain regulations, only to find themselves having to face fines and other legal challenges. Quick decisions must not cause the organization to compromise its standards. However, in cases of emergency, some adjustments may be necessary, since the absence of a particular resource may cause the organization to cease operation.

Some of the final decisions that have to be made will depend heavily upon the CEO's input and approval. Many CEOs will be most happy to operate in an environment where conditions are normal, and there is less need to make a decision in cases where they may have reservations. But <u>the work of a CEO is never about perfect conditions; it is about making a decision, sometimes when no one else will!</u>

Figure 6. The board of directors' involvement may be needed



The board of directors is not involved in the daily operation of the organization, but its approval or decision on an important matter may be helpful. This is especially true if that matter may require some approval or adjustment to a guiding policy or strategy.

2.3 Administration

The CEO ought to be a good administrator. They will not be able to perform all the tasks by themselves. There may be a need to employ someone who is capable of providing administrative guidance, or such function may remain with the CEO.

The work to be executed by the administrator will require much coordination of many resources. Some of the resources will vary, and there may not be any standard way to manage those resources.

Administration will require a hands-on approach and must be done by someone who is able to make careful decisions under both normal and abnormal conditions. Some of the decisions can be made immediately, and sometimes without consultation. Others will require input from many persons and will not be able to be made within a short timeframe. Some CEOs will prefer to go home, relax and review the situation that is before them later in the night or in the morning, and then find a possible solution.

Junior employees and stakeholders are of the view that once they bring an administrative matter to the CEO, a decision will be made immediately. The reality will be different on some occasions. Many things sometimes have to be considered before a final decision can be made.

The function of the administrator cannot be left to novices and persons who only have theoretical knowledge of what is required. Administration of many aspects of the organization requires practical assessment, and sometimes the wisdom of others since the CEO does not know everyone.

As a CEO, you must be willing enough to say no when you do not know or do not have the answer. This may be hard to do, but you must be honest with yourself. If you do not know and are unable to find the appropriate answer, then be honest with those seeking your assistance as well, and let them know that you are unable to make a decision on that matter.

If you are unable to provide an appropriate answer, there must be some mechanism in place for you to seek the help of others or to find alternative solutions. Most organizations are extremely happy to employ a CEO who has had broad exposure and is a quick analytical thinker with proven decision-making skills.

Coordinating many people and things is not easy, but it must be done so that the organization will be successful in its mission. Some organizations have routine tasks that do not demand much administrative involvement. Most senior officers within those organizations will be extremely happy to follow a normal trend of operating and thinking. However, unusual activities and quick thinking demand more administrative involvement.

An organization should be structured so that many senior members are able to make quick decisions that are within their scope. This can ease the burden on those who have to provide administrative service and allow the organization to have a constant flow of operations. Persons must be provided with adequate leverage to make decisions that are important for the success of the organization, without having to consult with many others about each decision that has to be made. Time is a critical element whenever there are decisions to be made. Long lead time to make a decision may result in opportunities being lost and additional costs being incurred. Shorter times can result in great success for the organization.

The decision-making process in the organization must be designed and coordinated in a manner where capable persons have enough leverage to make decisions. In cases where poor decisions are made then appropriate mechanisms must be in place to correct them. If the need arises, sanction or training can be instituted. Organizations in which it is expected that persons will not make mistakes may fail, since persons will not want to take any risk, even if it may be beneficial. All organizations must be able to manage their risk carefully, in order to achieve the success that they envisage.

Adequate systems must be in place to allow senior officers to proceed on their required vacation. The work of administration can sometimes be very challenging, and the need to have a quiet moment to relax away from the job, so as to rejuvenate, will arise. Some organizations have designed the vacation plans so as to allow senior officers enough time away from the daily challenges of the office, especially when their roles may be very challenging to the mind and the body.

Some organizations will insist that some senior officers proceed on their vacation leave when it is due. This approach may allow the officer to be better able to perform their assigned tasks adequately. Vacation can do wonders for any individual.

Persons who have worked closely with senior officers may recognize that the officer is sometimes not making the best decisions or responding to others appropriately. This may be the result of the officer not having enough vacation, or the challenges of the job having consumed them. There ought to be someone who reviews the performance of senior officers, and on many occasions, it may be the CEO. However, the board of directors must be able to review the performance of the CEO and assist him or her with vacation leave as necessary.

Asking dedicated and committed leaders to proceed on vacation is never intended to hurt them, but to allow them some time to revive and gain renewed energy. Their vacation is also a great opportunity to involve other persons within the organization.

Some organizations have become so dependent on one or a few persons, that they will not want them to take vacation. There are times when such decisions may be justifiable, but that must not be the norm. If that becomes the norm, then the organization will have challenges with its succession planning and its ability to allow others to become involved in administration. A function must not be infinitely linked to a specific person; many others must be able to fill similar roles in the absence of the designated officer.

3. Procurement and Inventory

Most organizations will need to procure items. For some organizations, these may be minimal, and for others, they may be most of what is needed for production or service generation. Procurement will even affect organizations that may be in the business of producing bottled water. Such organizations may have to procure the water (if they do not have their own wells or fountains), apply chemicals, procure the bottles, etc., before the final product is delivered to the customer.

In a small organization, the CEO might have been the founder, and may be extremely familiar with all aspects of the business, even those of procurement and inventory management. In a large organization, the CEO may not be familiar with all the procurement processes, but must be cognizant that without procurement the organization will not be able to meet the needs of customers.

Some organizations fail, not because they do not have potential customers, but because their procurement and inventory processes are not aligned with their success. If an organization is to meet the needs of the customers, its structure and systems must be designed so that its quality and timely results always meet stakeholders' requirements and, in most cases, exceed their expectations.

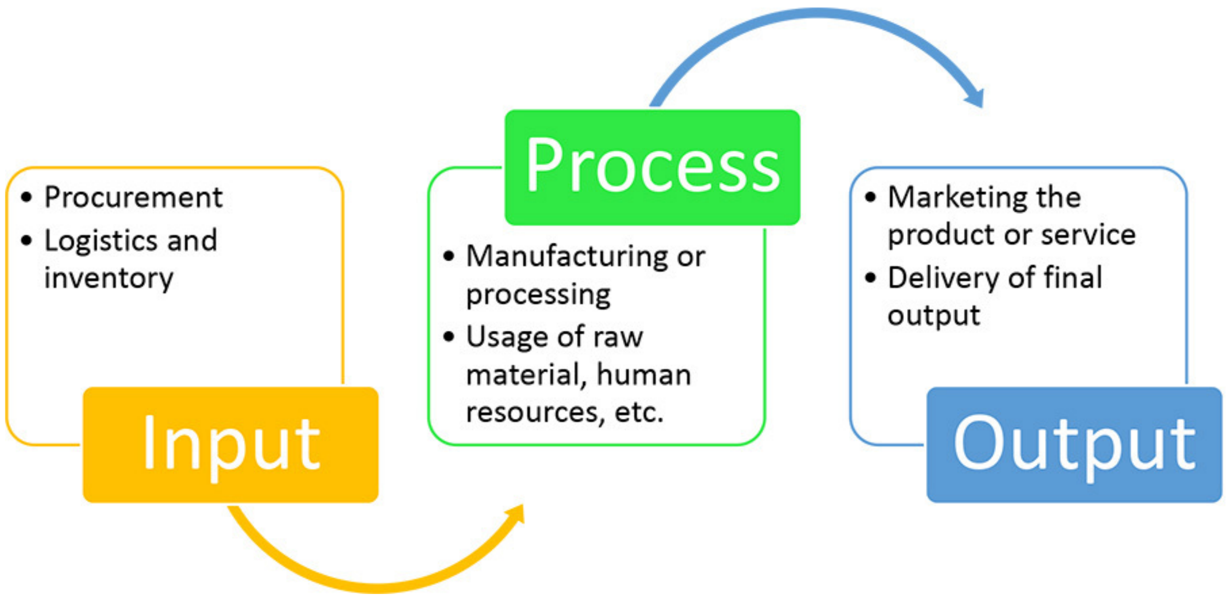
Once the organization works towards improving its procurement process and inventory management, it can minimize basic issues and have more time to concentrate on delivering what customers need. The CEO must be able to set the standard to which he or she is expecting the organization to operate. Failing to do so from the top may result in cases where employees are satisfied with mediocre performance, and then the organization may lose its customer base, sometimes suddenly.

3.1 Why is Procurement Necessary?

Procurement has and will continue to be an important aspect of both product and service industries. Without the required inputs, an organization will not be able to deliver that which is needed.

Vulcanizing shops, for example, sell air, which is a free input. However, they still have to procure other items that are necessary to generate the air. Once the CEO understands the importance of procurement, adequate measures ought to be put in place to ensure that procurement is done correctly from the beginning.

Figure 7. Outputs will be affected by inputs



In the diagram above, you will recognize that procurement starts at the beginning. Therefore, if procurement is a prerequisite for production or service delivery, it cannot be ignored. Some CEOs who know about the importance of procurement will place great emphasis on this area of their managerial oversight.

Without procurement, the organization may not have anything to offer the customer, and can probably decide to close its doors. However, with procurement, the organization may have many things the customer needs.

3.2 Planning Procurement

Procurement must never be a process in which someone suddenly recognizes that they need inputs, then decides the moment is right to procure that item or service. It must be planned. Planning allows the organization to manage its cash flow, streamline production, forecast sales, organize logistics, etc. Procurement cannot be seen as an ordinary function of the organization.

Many organizations have techniques they use to assist them with planning for procurement. Each CEO must design a technique that allows them to strategically plan for procurement.

The traditional methods of procurement have provided benefits for some time. However, with advanced techniques, some leaders have dashboard reports and other systems that quickly generate for them the quantity, type, etc., of the items to be procured, with little human interaction. When a report is generated, it may be communicated to many other persons, so that appropriate action can be taken at their levels.

Planning procurement cannot be a task left to junior employees who do not know about the future direction of the organization or truly understand how procurement affects its entire operation. In some organizations, there is a selected team that meets at planned intervals to discuss procurement. These meetings may be weekly, monthly, quarterly, etc. It depends on the type of organization, customer demand, the time of year, and many other factors.

If the CEO does not want to be involved in procurement directly, he or she must establish a team that is capable of delivering proper procurement on a consistent basis. Many CEOs will like to be a part of such groups, since they can make some decisions immediately, while having an understanding of the entire organization and knowledge of how procurement can affect it.

The CEO cannot be involved in every area of the organization on a daily basis, especially in a large organization. A robust team must be established that will deliver a similar result or better results than if the CEO was there. Therefore, persons who understand the business, processes and customer needs must be a part of any team that will be involved in planning for procurement.

3.3 Why Have Procurement Policies?

Growing up, you may have recognized that your parent(s) set certain rules for you to follow, and you might have broken many of those rules like other children did and will continue to do. However, after breaking the rules, you may have recognized that there would be sanctions or other life changes for you as the offender.

In a similar way, policies and procedures are important for people in and all aspects of an organization. Some persons may see these regulations as creating hardship for them, but the intention of the regulations must be to prevent things from going into an unfamiliar direction and to produce the best results.

Regulations ought not to be planned to stymie progress, but rather to ensure that the correct processes are executed from the beginning. Sometimes, the cost and effort required to correct things that have gone in the wrong direction can be significant. If you can prevent that from happening, it will allow senior persons and the organization as a whole to have more time to concentrate on the important matters.

Can you imagine if they were no rules for drivers of motor vehicles? You are well aware, that many chaotic incidents would have occurred, or you probably would not be alive today. Some persons only see rules from a negative perspective, but many regulations are there to help, rather than to harm.

The CEO must be willing to examine their company's regulations from time to time. Some organizations may have a unit that constantly reviews regulations and suggests modifications where there is need. Some organizations have established a time to review their regulations. These may be every two, three, five, years, etc. Some regulations will not change. However, there may be others that require constant review due to changing conditions and other compelling factors.

Figure 8. Regulations are intended to help

The regulations will only help the organization to get things right at the beginning, rather than at the end.

All CEOS must be flexible if there is an emergency or need to use discretion in applying a regulation. However, that must be a rare practice, and the benefits must outweigh the potential harm. There may be some form of a report to be completed to provide an audit trail as to why the regulation had to be adjusted for that specific occasion. If there is constant need to adjust any regulation, then the regulation may need to be reviewed and updated to reflect a current practice that it may be appropriate to adhere to. I would like to suggest here that if there was need to bend the rules, a review should be done to see if the circumstances that caused that need still exist. If they do not, the practice should be discontinued lest it become custom.

Some leaders are fearful of adjusting regulations in critical situations, and that has caused their organizations to fail. Regulations are meant to be followed, but whenever there are abnormal situations, careful consideration must be made. Sometimes a leader is hesitant to make adjustments because they are afraid that their action may not be viewed in the right light and punitive actions may be taken instead of their initiative being rewarded.

Some CEOs will "round Robin" their intention to adjust a regulation with other leaders or board members. Action is then taken after consent is provided.

Again, if the CEO fails to maximize an urgent opportunity, the organization may have a failure or a merely ordinary performance. Some of the successes that organizations will have are not a result of the normal flow of operations, but of carefully capitalizing on opportunities that must be grasped within a set time.

Ordinary members wait for directions, a CEO makes decisions! Decisions must be made with justification(s).

3.4 Discounts on Procurement

Discounts allow the purchaser to pay less for the same product or service. Some discounts have to be negotiated, while others will be made available freely. Once an organization is able to obtain discounts, its input cost to deliver its product or service ought to be less than under normal pricing.

Organizations will seek discounts for many aspects of their procurement processes. They cannot be faulted for doing so, as in a competitive environment, there is a constant need to produce an item at a lower cost, but with the potential of making a profit. If production costs are lower, and the selling price is fixed, then profits will increase. However, if the selling price is fixed and production costs increase, profits will be lower.

Discounts that are made available to an organization must help it provide great benefit to the customer at a reduced price. Some organizations always want to obtain discounts, but do not want to reduce their selling prices. That practice may work for organizations that have a monopoly, but in oligopoly situations, keeping your selling price lower than others' may prove very beneficial.

Organizations must examine the conditions under which discounts are offered, and refuse them in these cases:

Figure 9. Reasons to reject discounts when procuring

3.5 Lean Synchronization

A CEO must remember that the careful monitoring of inventory is important. To engage in overtrading will only hurt the organization. The organization may have limited financial resources, and overstocking will only cause it to lose some of its needed cash.

With the introduction or enforcement of lean synchronization, the organization will seek to procure inventory when the need arises and reduce the time between the demand for the item and the time of delivery. Once there is a reduction between these two phases, the organization will be able to maintain more cash, and only spend when inventory is required.

Once inventory is procured at a time when it can be used, there ought to be less of it that is obsolete. While many organizations may have persons responsible for inventory, the CEO must be able to establish a procedure to minimize it and ensure it is available when needed.

"The focus of lean synchronization to achieve a flow of products and services that deliver exactly what customers want, in exact quantities, exactly when needed, exactly where required, and at the lowest possible cost, is a concept that is almost synonymous with terms such as Just in Time (JIT) and 'lean operations principles'" (Slack et. al, 2015).

3.6 Inventory's Impact on Finance

Whether an organization provides a product or service, there may be a need for it to use some amount of inventory. If Inventory is procured in small or large quantities, it will have some impact on finance.

Table 1. Impacts of inventory on finance

Small value and quantity of inventory	Large value and quantity of inventory
Advantages • **Less cash used** • **Less inventory that will age** • **Fewer accounts payable for credit purchases**	Advantages • Possible discounts • Possible to build long-term relationships with suppliers • Potential ability to meet unplanned production demand
Disadvantages • **Unable to gain discounts on procurement** • **The possibility of running out of stock** • **May not be able to meet a sudden demand for production**	Disadvantages • Some inventory may become obsolete • May create an opportunity for pilfering if internal controls are not adequate • Too much cash is tied up in inventory that could have been used for other purposes

Sometimes organizations fail to monitor inventory, only to find themselves in a situation where there are not adequate funds to manage the organization. When they are able to manage inventory levels, they may have adequate funds to reinvest or settle liabilities.

Cash can be a scarce resource. However, proper use of cash may become an advantage that provides an organization with many opportunities. Cash is one of the current assets that can make a significant impact on the organization. Even individuals who have cash may have greater bargaining power than those who do not have enough funds.

3.7 Obsolescence

Managing inventory is a key task. While the CEO may not directly be responsible for inventory, they must establish certain guidelines to prevent obsolete inventory. Obsolete Inventory has no benefit to the organization and must not be encouraged.

Many organizations that have managed inventory very well have established strong systems for constantly rechecking inventory. The CEOs who fail to make such deliberate efforts to prevent obsolescence may find that their organizations have expended many funds, but have not had the opportunity to bring in enough revenue to maintain themselves.

Managing inventory with the deliberate intention to minimize obsolescence can be done from the beginning or at a later stage. To avoid obsolescence at the beginning, effort must be made to minimize the quantity procured.

To help manage inventory that has been procured, but not used immediately, the organization can look at an alternative use for such inventory, if it is not needed in the near future. The organization may want to also consider the disposal of excess inventory. This can be done several ways, one of which is a sale of inventory. This approach will allow the organization to gain funds and reduce the likelihood of having its inventory becoming obsolete.

Consignment of inventory may be another option to consider. With the consignment option, the organization may have inventory on hand which belongs to another organization. However, that inventory can be used by the organization that has access to it. Once the inventory is used, only the quantity used will have to be paid for, based on the contractual arrangement.

The price for consigned inventory may be higher than that paid when a customer purchases the inventory from a supplier. Keeping consignment inventory can be a high risk for an organization. Whenever damage to or theft of inventory occurs, the organization that provided storage for the inventory will have to pay for it, despite not having the use of it.

However, with consignment inventory, an organization may be able to capitalize on any sudden opportunity that may arise for such items, and therefore be better able to meet customer demand.

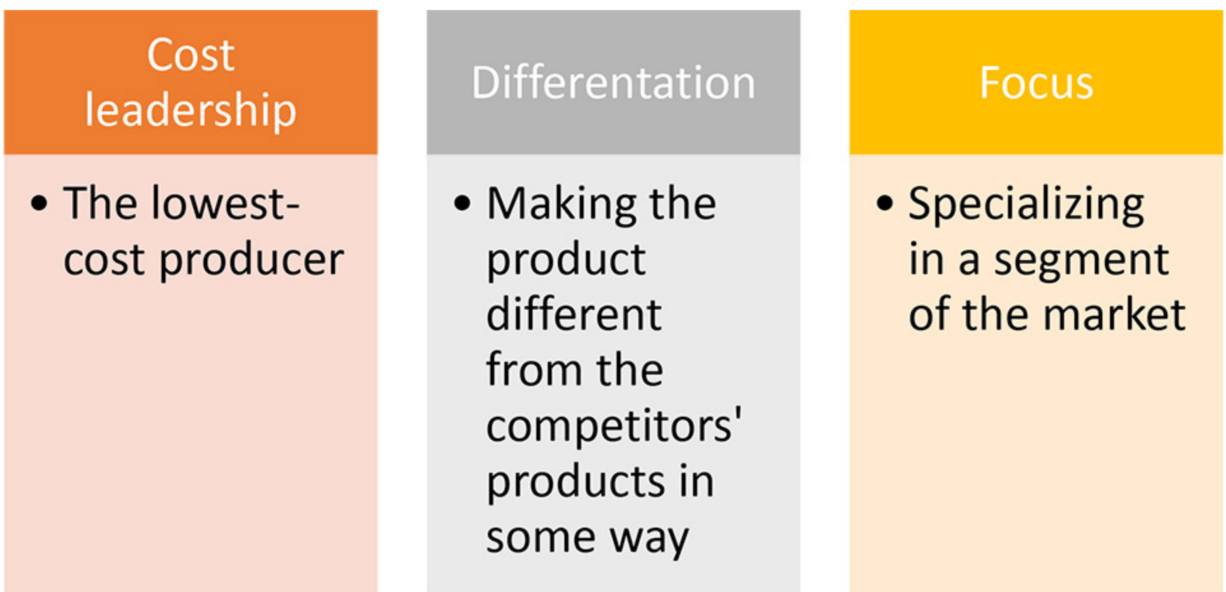
4. Production and Logistics

Most organizations that were established to meet customers’ needs will have something to sell. They can sell a product, service or an idea. What they have to sell will determine the quantity and type of their customers.

An organization will have products to sell or offer to others if it is able to produce, buy or sell them. Some organizations have decided it might be simpler to purchase goods for sale rather than spending the time to manufacture the same. There are other organizations engaged in the production of the product or delivery of the service, since they have the resources. Some organizations may have a competitive advantage in produce products, and they will try to maximize such advantage. There are other organizations that may have a competitive advantage in producing a product.

According to Michael Porter, an organization has three possible competitive advantages (Thompson et al., 2014):

Figure 10. Competitive advantages



(Developed from ACCA P5, 2010)

4.1 Need for Inputs (Raw Materials)

Both product and service organizations will have a need for raw materials. Raw materials are one of the inputs an organization will use to deliver its products or services. Inputs are essential, as they can determine outputs.

Sourcing inputs is never an easy task. Inputs can be provided from various locations, but they must be acquired.

Figure 11. Access to inputs from various locations

4.2 Local Inputs

This will be inputs that are available within the organization, within the community and within the country. Whenever these inputs are available locally, they may not require much logistical calculation. The cost to acquire some of these inputs may be economical compared to that of acquiring them from a location outside of the country.

There are some organizations that will choose to procure inputs locally, even if it may cost a little more, since they may be helping their economy to grow and may be more certain of the quality of the inputs.

A CEO must establish guidelines for their organization that determine the choice and location of the inputs to be acquired. They must decide if sourcing inputs from another location will be the norm or not.

When inputs are acquired locally, it can reduce delivery time, freight and insurance costs and import duties. However, it must be noted that not all local inputs are the best. Therefore, the direction of the CEO will be essential in deciding on the acquisition of inputs.

4.3 Regional Inputs

When the decision to acquire inputs from outside the community or country has to be made, many other important factors must be considered. The availability of the inputs is one. There are times when inputs may be available at the regional level, but the quantity and a steady supply thereof may not be guaranteed. The cost to procure the inputs cannot be ignored either. Many organizations are trying to reduce input costs so that they will become competitive. Finally, some regional inputs may allow an organization to produce a product that will be demanded by many customers, and allow it to benefit from treaties or bilateral trade arrangements designed to boost the status of a country as a location for economic investment.

Procuring inputs from outside the local community must be a process that is well thought out by many persons who have a concern for the organization. It is sometimes believed that only the CEO can make the decision to procure inputs regionally or otherwise. Most CEOs who want to have the buy-in of their teams will also ask other capable team members to share their views, since it is often advisable to have many inputs into a final decision. An organization may form committees to decide whether to procure inputs locally or regionally. The organization may also decide to send one or more members to a prospective source country to have a first-hand view of what can be obtained there and to provide a written assessment of their visit. These approaches are taken so as to minimize risk and to ensure the continuity when the organization chooses and oversees a supplier for its inputs.

4.4 International Inputs

Many international organizations have tried to reduce the cost of production, thus allowing them to be very competitive in selling their product or service to another organization. Some of the international inputs have to comply with international regulations and certifications. Therefore, organizations may want to procure inputs from international organizations, since it can be guaranteed that such inputs meet the required standard.

When an input reaches certain standards, the procuring organization will not have to incur any costs for inspections, etc. This may be an added incentive to procure from overseas organizations.

However, care must be exercised when making a decision to procure beyond the borders of your country. Countries are trying now to protect their people and products, so they may have established a local content policy. With the local content policy, organizations have to use some inputs that are available locally, etc. (Hilt and Hult, 2016).

Some international organizations may be engaged in the dumping of excess products, so the local organization must be very careful. There are situations where international organizations may have inferior products, which they may want to send to countries and organizations that may not uphold laws that regulate such activities.

The CEO, along with their decision-making team, must decide whether it is worthwhile to procure inputs locally, regionally or internationally. The decision must be made, and it must be made in a timely manner, for the best interest of the organization and to uphold any country-specific regulations.

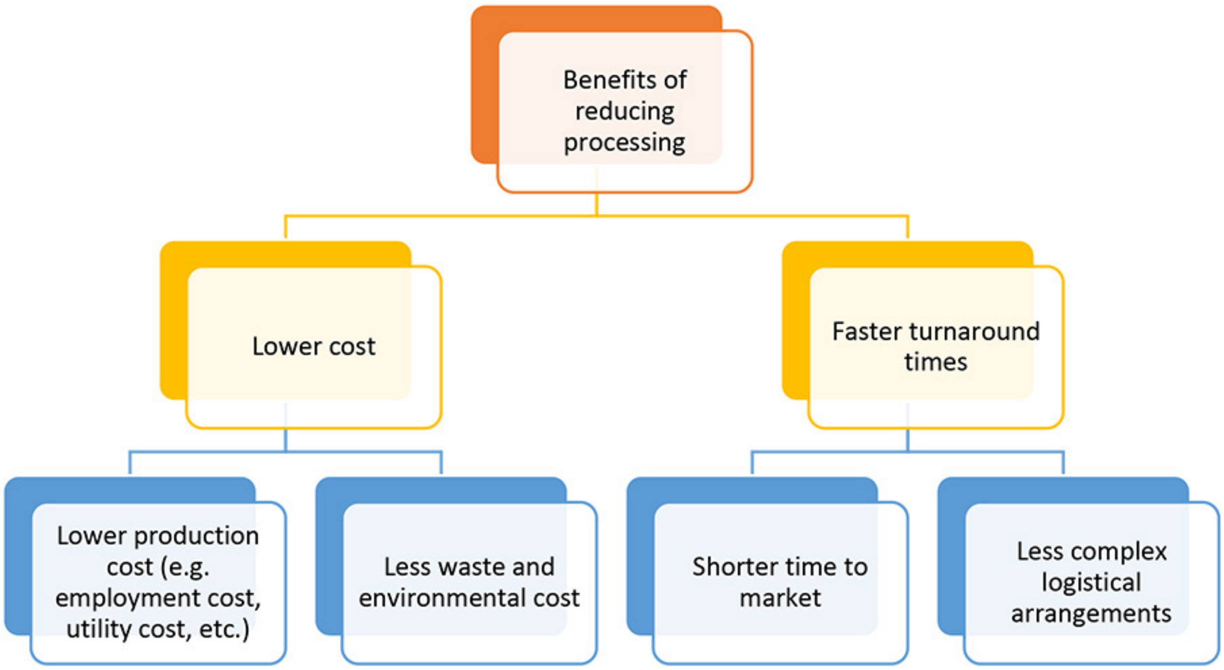
4.5 Processes and Manufacturing

4.5.1 Manual Production and Customization

Once the inputs have been decided on and acquired, it will be time to process such inputs. There may be many stages involved before the inputs can be made ready for processing, but these will depend on the type of production, type of organization, etc.

When some organizations choose to procure inputs, they may specify the dimensions of the inputs, thus reducing additional processing. The organization may be able to derive some benefits from reduced processing.

Figure 12. Potential benefits from reducing processing of inputs



There are organizations that produce their products using a manual approach. Some customers gravitate toward a custom-made (manual) product. In the craft industry, customers will indicate to the producer how they would like to have the products produced, and the producer will tailor production to meet their demand.

Custom-made products may require longer processing times, but may also attract higher revenues than mass-produced ones. Some customers will only seek to procure products that are custom-made. An organization must know its target market's demand for its product or service, and act accordingly.

The time required to produce custom-made products may be long, but the organization must find ways of reducing the processing time and enhancing efficiency. If efficiency is below expectation, it will cost the organization. Customers may also change their habits and look for another organization that produces the same product or any suitable substitute.

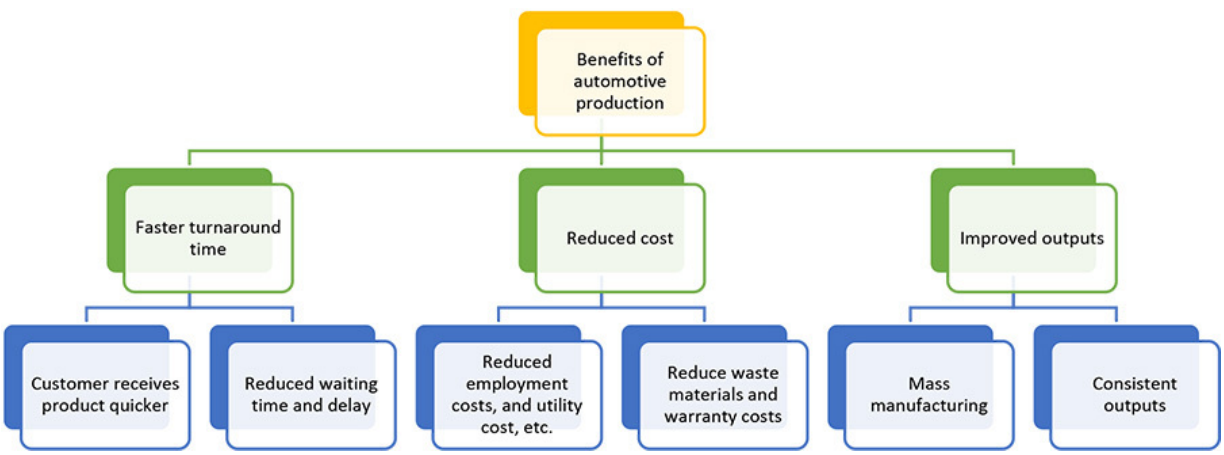
There are many substitutes that have entered the market. Any organization involved in manual processing must ensure that its effort is focused, not on not losing customers, but rather on maintaining competitive prices.

4.6 Automotive Production

4.6.1 Advanced Technology

Many organizations have invested in using advanced technology in their production processes. Advanced technology requires that the management team of an organization establish its strategy and budget for such investment. Some careful and challenging decisions have to be made when considering the choice to embrace advanced technology. There may be a significant cost associated with automotive production technology in particular, but the cost-benefit analysis must be done before a final decision is made.

Figure 13. Benefits of automotive production



Many customers have become impatient with waiting for products to be produced. Some persons want products to be available whenever they need them. Therefore, organizations can no longer take the same time to produce goods that they once could.

When customers recognized that an organization can meet their needs quickly, they may choose to purchase that organization's products over and over. When customers become loyal to a product, the organization is often happy, since it will incur lower advertising costs for that product.

4.7 Outputs

In the product and service industries, the outputs are what the customer needs. Organizations that understand customer needs and try to deliver a corresponding may be able to operate profitably for many years. With constant profit, organizations will likely have profit growth (Hill and Hult, 2016).

Some organizations, through the direction of their CEOs, may carry out surveys to understand customer needs. This will help them to design their products effectively.

Customers sometimes are willing to pay premium prices for outputs that meet their expectations. Organizations must not operate in isolation from customer needs, but rather design their processing stages around those needs.

Outputs must be consistent. Customers are not patient enough to accept anything the organization may want to give to them. Therefore, the organization's output must match their demand and appetite. Its failure to do so may have an adverse impact on the organization's future.

Customer needs are constantly changing! It is often surprising that today the customer has a need for a particular product or service, and by tomorrow their need changes. An organization must be flexible enough to adapt. Many times, there is nothing to indicate to the organization that the customer need will change. The organization has to try and catch up.

When a decision is made to invest, consideration must also be given to options that will allow address changing demands. The organization must be reasonably flexible. Therefore, if customer need changes, then the organization must be able to make them in order to motivate customers remain with the organization. For example, an organization may not be able to reduce its prices to suit all customers, but they may provide aftersales services to compensate. Aftersales service is something that some customers like, especially if they are purchasing expensive products.

Figure 14. Output impacts the future of an organization

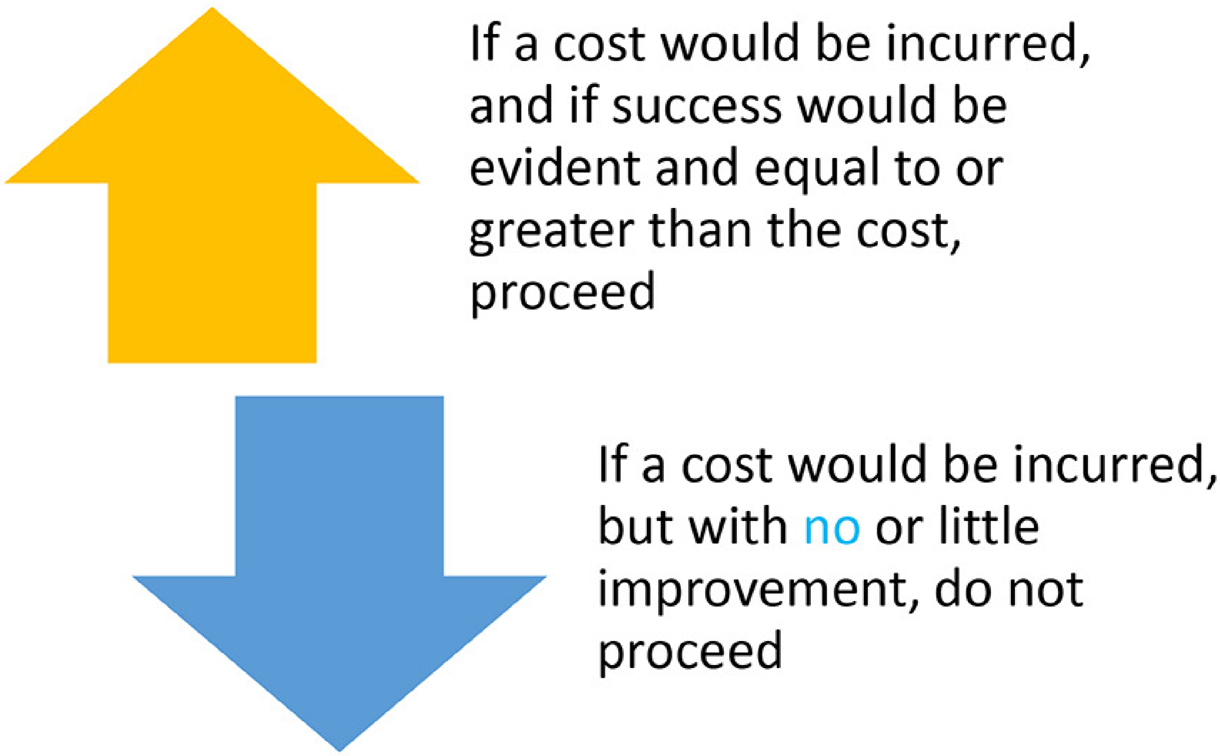
4.8 Improvements

Organizations that take pride in their output will often strive to make improvements. Some improvements will be simple, while others may be complex. The choice of improvement will be affected by the CEO and board of directors' vision for the organization. If they are satisfied with the current state of the output, then little effort will be made to have any changes. However, those leaders who want significant changes may demand that some be made to the organization so that its output will improve. All operations, no matter how well managed, are capable of improvement (Slack et al., 2015).

Continuous improvement (CI) is a deliberate effort by an individual or an organization to increase its efficiencies in an incremental manner (Slack et al., 2015). Continuous improvement programs like Total Quality Management and Six Sigma stress incremental progress, striving for inch-by-inch gains repeatedly, in a never-ending stream (Thompson et al., 2014)

Very few organizations remain in the same position for many years. While some organizations do not plan to change, the environment around them will force them to do so. Under conditions of change, improvements in outputs will help to yield greater success for an organization.

Figure 15. Deciding whether to incur a cost for improvement



Some organizations will seek to make major improvements. When competition is high and organizations are experiencing major failures, there is a great need to consider ways of doing so. One of these is the use of cross-functional teams. Such use has been popularized by the practice of business process reengineering, which involves radically redesigning and streamlining workflows (often enabled by cutting-edge use of online technology and information systems), with the goal of achieving quantum gains in the performance of the activity (Thompson et al., 2014).

4.9 Rejection

The organization must be willing to prevent inferior inputs, which will only cause it embarrassment and may also have a cost that will negatively affect it. The organization must also strive towards reducing the number of outputs that will be rejected. Every time an output is productive but has to be rejected, the organization will incur a cost that may not be recovered.

Table 2. Cost of quality and cost of quality reports

Cost of quality	Explanation	Quality-related cost
The cost of quality is "the difference between the actual cost of producing, selling and supporting products or services and the equivalent costs if there were no failure during production or usage".		
Cost of prevention	The cost incurred prior to or during production in order to prevent substandard or defective products or services from being produced.	Quality engineering Design/development of quality/inspection equipment Maintenance of quality control/inspection equipment Administration of quality control Training in quality control
Cost of appraisal	Costs incurred in order to ensure that outputs produced meet required quality standards	Acceptance testing In-house inspection of goods Inspection costs of in-house processing Performance testing
Cost of internal failure	The cost arising from inadequate quality which is identified before the transfer of ownership from supplier to purchaser	Failure analysis Re-inspection costs Losses from the failure of purchased items Loss due to lower selling prices for sub-quality goods Cost of reviewing product specifications after failures
Cost of External Failure	The cost arising from inadequate quality discovered after the transfer of ownership from supplier to purchaser	Administration of customer complaints section Cost of customer service section Product liability costs Cost of repairing products returned from customers Cost of repairing items due to sub-standard product/marketing errors

(Excerpted from CIMA Official terminology through ACCA P5, 2010.)

The failure of some organizations has stemmed from the number of rejections they are required to make and defective outputs they produce. There must be policies that indicate the tolerable level of rejected product. Once the organization is able to reduce its rejected outputs, it might be able to gain more revenues, with the expected outcome of making a profit in each quarter.

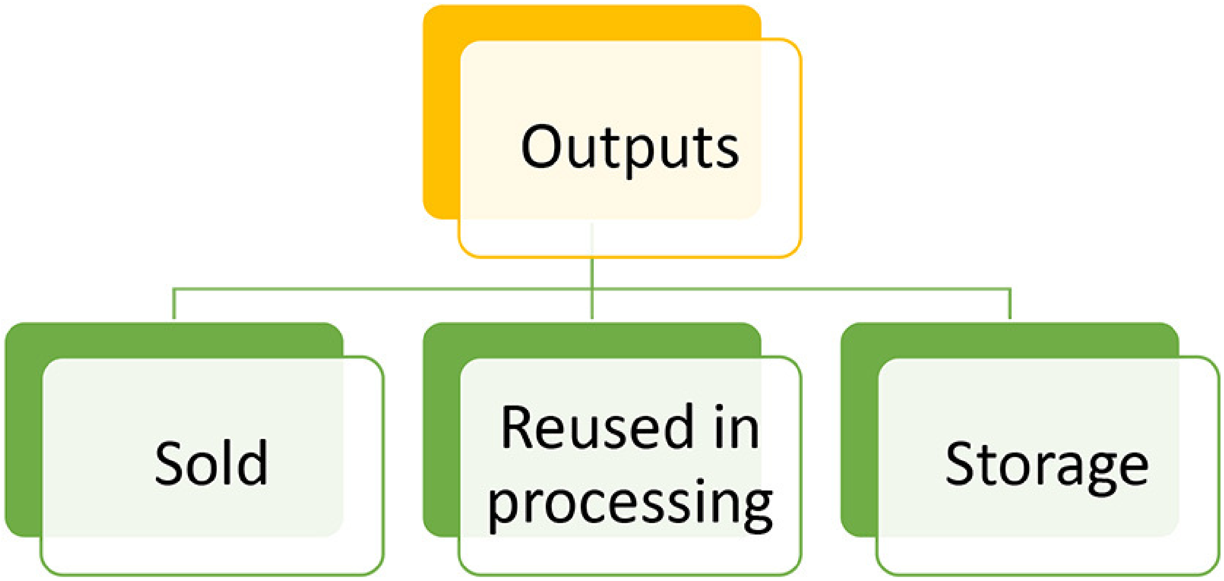
The CEO, along with other team members, must often work towards minimizing rejection. This may be achieved through investment in new and multi-capacity machines and employee training. The success of the organization can never be achieved with one option, but only through combined efforts.

Quality management has developed from an inspection-based process to a philosophy of business that emphasizes customer satisfaction, the elimination of waste and the acceptance of responsibility for conformance with quality specifications at all stages of all business processes (ACCA P5, 2010).

4.10 Storage

An organization is expected to produce its products. However, not all products will be sold. In the service industry, there is no need to store them. So what happens next?

Figure 16. What happens to the output?



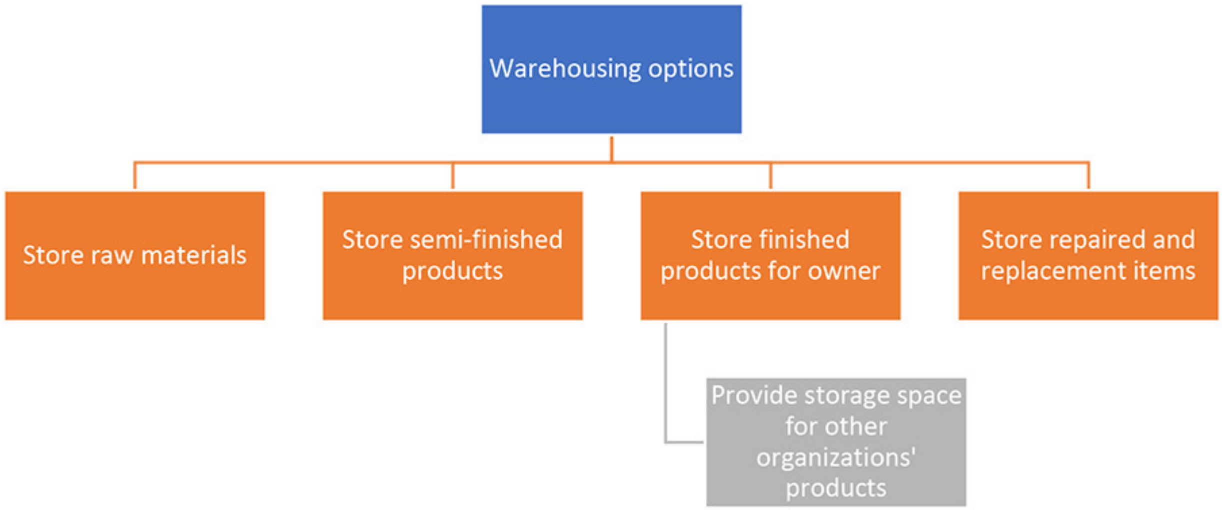
Some organizations will plan their production carefully. When an output is perishable, an organization may choose to only produce the quantity that may be needed immediately. This approach will minimize spoilage. However, producing just enough may cause the organization to miss opportunities if there is a spike in demand and the organization is not able to respond quickly.

Another may produce more than is needed immediately, as it may project a spike in demand or may be able to meet the need of new customers. Deciding how much to produce is challenging, as production is often based on estimates. On some occasions, the demand may be known, since the customers will have placed their orders in advance.

The producing organization may provide storage for its products and those of its customers. Storage has a cost attached to it, which the management of the organization must decide if it wants to incur. The benefits the organization will gain must be able to offset that cost.

The organization must carefully consider its warehouse options before and after producing a product. Warehousing has many benefits and must be capitalized on. However, there is also a cost associated with warehousing, so the organization must choose the best possible option.

Figure 17. Warehousing options

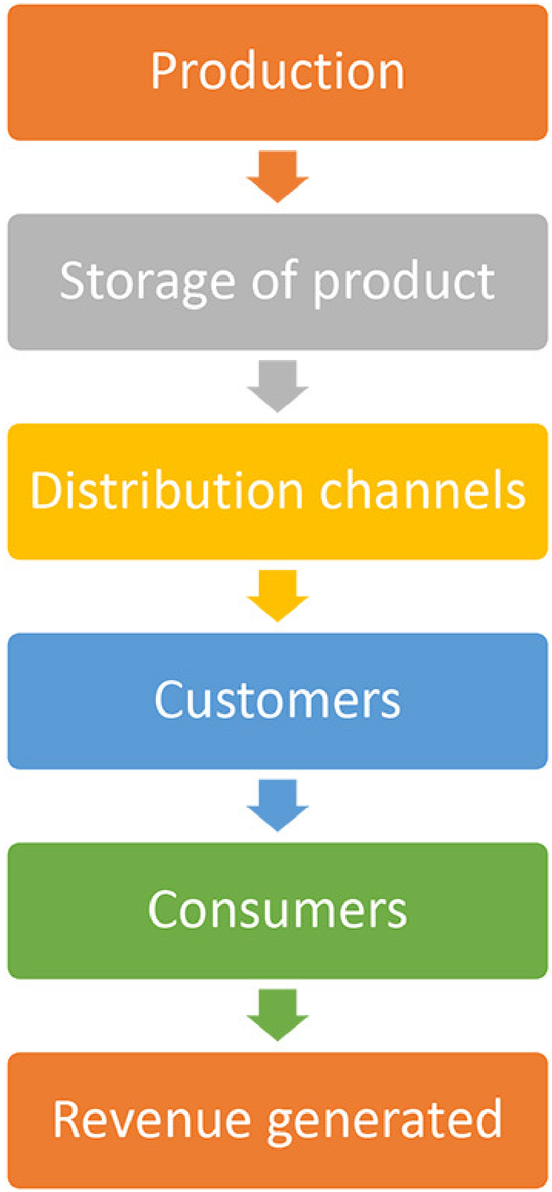


4.11 Distribution and Distribution Channels

When an organization produces a product, its expectation is that the product will be sold. It is from sales that the organization will be able to generate revenues. Whatever revenues the organization gains can be used to offset expenditures; they can also be reinvested. Generating adequate revenues will place the organization in a strong financial position, allowing it to become competitive and deliver its product at a reduced cost.

Organizations need distribution channels. Once a product is produced, there must be an avenue through which it can reach its intended consumers. Not all consumers can be reached directly, so distribution channels are important in allowing the organization to gain brand recognition and generate revenues.

Figure 18. Distribution channels are important for revenue generation from outputs



Some distribution channels are easy and simple. However, there are some that are very complex and may not be available to all organizations.

Distribution channels provide the connections organizations need between themselves and consumers. The end result of such connections is revenue generation that helps them offset expenditures.

Distribution channels are very powerful, and must be carefully chosen and monitored.

4.12 Down-streaming with Distribution Channels

Organizations that have the resources have moved beyond production to the establishment of their own distribution channels. When this strategic option is taken, an organization has more reach and control over what reaches its consumers and when. It can be a heavy financial investment that must be carefully thought out, but if the rewards are greater than the risks, then it might be worth exploring. When an organization does not have control over distribution channels, on the other hand, it struggles to meet customer demand and may lose potential revenue.

Small organizations will not want to invest in distribution channels, since they may not have the financial and other resources to do so. Many times, a cost-benefit analysis must be conducted before an organization's leadership can decide on the investment for down-streaming into a distribution channel. With down-streaming, organizations will produce products and distribute them. Some organization may purchase trucks and other vehicles to allow them to take the products to their customers.

Organizations may also use a discounted factor, mainly net present value (NPV), when assessing the option to invest in distribution channels (Titman et al., 2016). Organizations do not always have all the finances they need, and therefore the available resources must be used carefully.

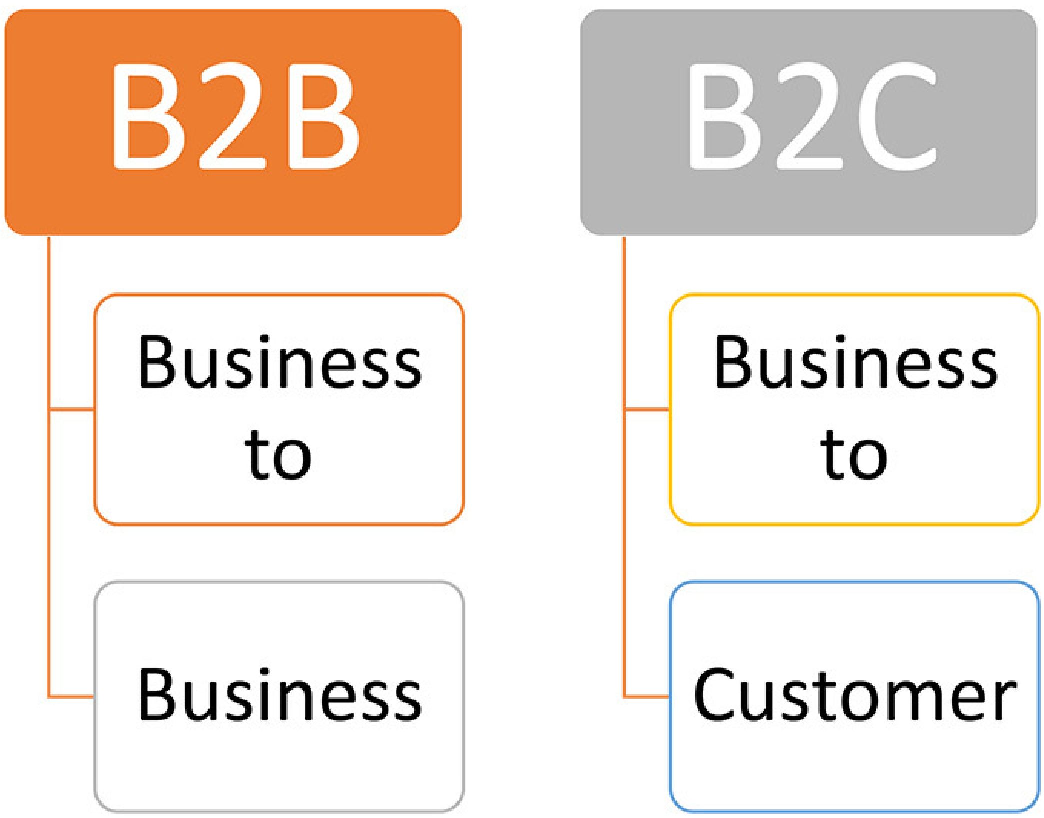
When an organization owns its distribution channels, consumers may pay less money for the same product than they would if there was a third party delivering the products. Consumers often wonder why the price for a final product is so high, but it must be remembered that those who provide distribution services are expected to make a profit, and that will require the consumer to incur an additional cost.

Elasticity of demand may be accomplished for some organizations if the selling price of a product can be lower compared to that of another organization providing distribution services for their financial benefits. If the producing organization is able to assess the situation very carefully, it may make some investments in the distribution service. Consumers, in turn, may rejoice, as they may be paying less for the same product.

As part of its strategic planning, the organization must consider whether the organization has sufficient outputs for its preferred distribution channel. Where the outputs are minimal, the organization need not invest in creating the channel. Where the outputs are large and constant, the establishment of the channel should be considered. The CEO, along with other senior staff, may have to lead the charge in the latter case. Many employees look to the CEO for direction and assurance. Therefore, the CEO must provide such guidance, which may help the team to realize its potential.

The distribution channel may only be local, since operating outside of the country may mean dealing with complicated logistical and statutory issues. If the organization's output will be consumed locally, then investing in a distribution channel—after performing the appropriate research and evaluation—may be worthwhile.

Figure 19. Distribution to business or customer



(Developed from Kotler et al., 2013)

Some organizations' outputs may be the inputs for other organizations, while others' outputs may be available for direct consumption. Once an organization knows who it is producing its output for, then it may decide on the type of distribution.

5. Marketing and Sales

An organization sometimes works very diligently on production, but is unable to make good progress with marketing. Whenever this happens, the organization may incur many costs, but not have enough revenue to offset them.

Marketing cannot be ignored, and the CEO must find a team that can help the organization to grow. There are some CEOs who are extremely familiar with marketing and may be able to guide that arm of the organization, but in most cases, a CEO is not expected to be a marketer. He or she must find capable persons who will perform that function, thus allowing the organization to constantly increase its revenues.

An organization can market a product, service or idea (Kotler et al., 2003), but it has to have and meet a defined objective when doing so. Some organizations start strong with their marketing, but as the years progress, they fail to give it an appropriate level of attention and are soon outperformed by others with more effective strategies.

Marketing ought not to be performed by those who do not have an understanding, knowledge and passion for marketing! Organizations sometimes put marketing functions in the hands of persons who may not know very much about them. The CEO must ensure that they think carefully when they are hiring for this work, and that they choose someone of the right calibre. This may require a paying more for a highly motivated individual.

Some organizations compromise on the recruitment of marketing officers. That mistake often costs them. It will always be dangerous to spend a great deal of time and money to produce a product and then be unable to sell it to many customers.

5.1 Selling Locally

An organization can choose to sell its product in any location. Remember that for a profit-making organization, the purpose of selling must be to receive revenue.

Selling locally has many benefits. The organization must not neglect to do a proper assessment of whether to sell locally or to other locations. Too many organizations are foreign-minded and feel it is their responsibility to sell products overseas. While an organization may be able to receive increased revenue from doing so, its total costs, including marketing expenditures, will sometimes result in a loss or in only marginal profit.

Local sales often do not involve many expenditures. Expenditures not required for local sales include:

Figure 20. Expenditures that are not associated with local sales

The CEO should not ignore the fact that local sales, if done well, can allow the organization to make the required revenues. While sales beyond the border of a country may provide foreign currency and higher revenue, the expenditure associated with such sales must reduce the profitability of the product.

Sometimes local sales will allow the organization to have a steady flow of income and make a profit with little effort. Local sales may also help meet the needs of the local economy and help a country to create employment for its people.

The organization must be able to properly account for its sales, according to various regions or districts. When sales are accounted for under various zones, the organization will be able to assess the profitability of its product in each of the zones.

CEOs must not always be foreign-minded if the sales of the product or service do not allow the organization to be profitable.

5.2 Selling Regionally

An organization may choose to sell its products beyond its country's borders. This may be a choice by the board of directors, the CEO or the senior management team. It must not be made overnight, but rather analysed carefully. The analysis should include an assessment of where the organization wants to sell its product or service.

Regional sales will help an organization generate foreign currency. Organizations may procure goods and services from overseas, and will need to pay for them using in corresponding currency. Those organizations that sell beyond their borders may have sufficient foreign currency to offset liabilities.

Organizations may benefit from regional sales, since the country or countries they are operating in may have some associations and treaties that allow for easy sales within the region. Those organizations might have a competitive advantage, and might be able to sell products and services that will benefit many at a reduced cost. Those that do must make the best use of it and generate enough funds to keep themselves financially viable.

Some CEOs will take time to travel to regional summit and trade expositions to learn about some of the demands the people in that region may have. Based on that information, a CEO may instruct his or her team to sell products in the regional market, as there is great potential to generate most of the revenue the organization needs. When the CEO takes the time to visit other regional locations, it shows the level of interest he or she has in new opportunities for the organization.

Other CEOs will prefer to sit behind the desk and make decisions, or to receive feedback from other representatives who were sent to such regional sessions, but it should be remembered that first-hand information is often a great intangible asset. The CEO must be willing to learn a few things for him- or herself. Not every representative might be able to see through the eyes of a CEO. Many CEOs have viewpoints and opportunities that employees may not see. Visits to industry events will make the CEO better able to help to plan the strategy of the organization and motivate the employees to follow in the same direction.

Some products or services can be offered to other organizations within the region at reduced selling prices, since that might allow the user of such product or service to help strengthen the regional hub. Countries within the region may have certain obligations under existing agreements, and may want input from organizations affected by those agreements.

An organization may experience challenges if a country has a policy, regulation or treaty obligation that mandates the organization sell most of its product within the region. The challenge that the organization will encounter is that there may be more profitable options in other countries, but because of the regulations governing sales within the region, it will be unable to maximize on its profit options. However, it may also benefit, since whenever its containers are used to carry a product to one country, the same containers may be used to return items procured from that region. This approach may lower the organization's freight costs.

5.3 Selling Internationally

Some organizations may not be able to make the required revenue from local or regional sales, so a decision may be made to sell to a far-flung country. Such sales may have their own risks. However, there may also be great rewards.

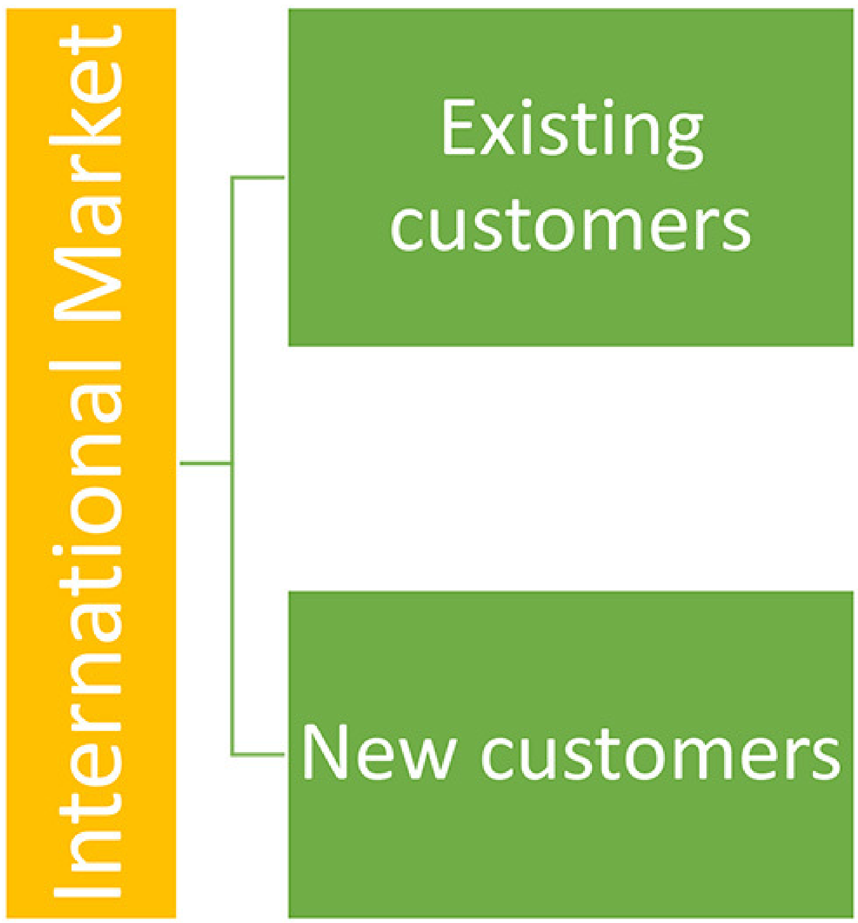
International sales may allow the organization to expand and to sell its excess product. Testing the international market for a product is often a good decision to make, once the proper assessments have been conducted. Careful analysis must be done for international sales, since incorrect decisions may affect the entire future and longevity of the organization.

Persons are often of the belief that international sales will do wonders for the organization's future, but that may not always be so. Some overseas sales may cost the organization more than it had planned for.

Overseas sales may involve many restrictions that an organization must be aware of before proceeding. For example, some countries may have many regulations that may not be readily apparent to the local organization. It may be necessary to hire a representative from the target country who can provide the organization with relevant information about the policies and regulations of that country.

The CEO must gather enough information before they make a final decision concerning the sale of products to an international market.

Figure 21. International markets contain various customers



Some products that are sold on the international markets must meet certain labeling requirements (Kotler et al., 2013). Labelling has been and remains a great area of concern for international sales. Organizations may have to follow international market requirements for the labelling of products.

Many companies must focus on foreign markets to survive (Belch and Belch, 2015). When considering international markets, an organization must decide on a strategy for entering such a market. Below are some of the strategies the organization may choose from.

Table 3. Choosing a strategy

Strategy	Explanation
Global standardization strategy	Focusing on increasing profitability and profit growth by reaping the cost reductions that come from economies of scale, learning effects and location economies
Localization strategy	Increasing profitability by customizing the firm's goods and services so that they provide a good match to tastes and preferences in different national markets
Transnational strategy	Attempting to achieve low costs through location economies, economies of scale and learning effects, while simultaneously differentiating product offerings across geographic markets to account for local differences and fostering the multidirectional flow of skills between different subsidiaries in the firm's global network of operations
International strategy	Trying to create value by transferring core competencies to foreign markets where indigenous competitors lack those competencies

(Extract from Hill and Hult, 2016.)

The languages used in international markets may be different from that used in the local one. This may pose some challenges to an organization that wants to export its product. That organization must be willing to make changes internally to meet international market requirements.

New markets may be sought for the following reasons (ACCA P5, 2010):

- An organization might want to extend the product life cycle of a product.
- Where there is intense competition in the home market, an organization might want to escape to less competitive markets.

- The domestic market might offer low growth prospects.
- The domestic market might offer risk, and the organization might wish to reduce its exposure.

Sales to overseas markets may have seasons. In that case, the organization that wants to export its product must know when to send it to those markets, and maximize the opportunities they provide.

5.4 Discounts

The CEO ought to introduce discounts. There is frequently a risk that employees will abuse them, which can cost the organization, but some customers like discounts and spend considerable time looking for them.

When discounts are made available to the public in advance, many persons may flock the organization to benefit from them. New customers may also encourage their family members to make purchases during the discount period.

The discount procedure the CEO approves must be reviewed constantly to make sure it is being used as specified. There may need to be a session to teach persons how to apply the discount properly. Some employees will look for every opportunity to misinterpret a discount policy to benefit themselves and their friends.

5.5 Marketing Mix

An organization must consider the marketing mix for any product or service it develops. In general, a CEO should have some understanding of or involvement in the development of this mix. While the senior marketing officer may know what to sell, the CEO may have additional insights that must be addressed differently. For example, they may share information obtained in external meetings with the marketing team to help that team to capitalize on additional opportunities to sell the products.

The marketing mix is comprised of place, promotion, price and product (Cole, 1993).

Figure 22. Marketing mix components

(Developed from Cole, 1993.)

Consideration should also be given to including four other Ps that can play important role in marketing: process, physical evidence and people.

These components must be properly coordinated for the organization to succeed. When the CEO impresses upon his or her team members the importance of the marketing mix, some may become more aware of what is involved. Others may not be aware of the marketing mix and may operate in their silos, not understanding that action or inaction on the part of each employee will have an impact on the whole organization. The CEO cannot take anything for granted, but must ensure that employees are working in unison and that the organization receives their close attention.

Employees who are constantly working diligently toward the success of the organization by ensuring that products are sold, and monies received must be acknowledged and rewarded. Some organizations may not pay much attention to their sales and marketing representatives, who are key ambassadors for those companies and must be treated as important. They must be given the resources necessary to execute their duties effectively.

Some space must be created for sales and marketing representatives to use their initiative whenever the need arises. However, they must always take the goals and objectives of the organization into consideration. and their action must not cause the organization to have reputation issues or cause the organization to come into a position of disrepute.

6. Accounting and Finance

A finance department is needed in all organizations, even non-profit ones! Finance is like a battery in a clock. When the battery is connected to the clock, then the clock works. If the battery power is low, then the clock will malfunction. Once there is enough energy in the battery, then the clock will provide accurate time for a very long period. The battery is so important that all other parts (that is, the departments in the organization) can be working, but in absence of that battery (finance), the organization will not operate efficiently. Therefore, that energy source must be used carefully to help the organization meet its objectives.

6.1 Accountability and Stewardship

All funds an organization receives must be properly accounted for. While the CEO may not be the person who actually spends the funds, they are responsible for giving an account of how those funds were used. Accountability is therefore a key factor to be considered.

A CEO themselves is sometimes preoccupied with things other than the daily financial transactions, so they must find someone to oversee those and act as their agent in that regard. An "agency relationship is a contract under which one or more persons (the principals) engage another person (the agent) to perform some service on their behalf that involves delegating some decision-making authority to the agent" (ACCA P1, 2009). The agent the CEO selects should have certain ethical values and follow the code of conduct of accounting and financial management.

Various professional accounting and financial bodies will have their codes of ethics and conduct. For example, these are the codes that govern persons who take the professional accountancy examination administered by the Association of Certified Chartered Accountants (ACCA):

Table 4. Code of ethics and conduct for ACCA members

Fundamental principles	Explanation
Integrity	Members should be straightforward and honest in all business and professional relationships
Objectivity	Members should not allow bias, conflict of interest or undue influence of others to override professional or business judgements
Professional competence and due care	Members have a continuing duty to maintain professional knowledge and skill at a level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques. Members should act diligently and in accordance with applicable technical and professional standards when providing professional services
Confidentiality	Members should respect the confidentiality of information acquired as a result of professional and business relationships and should disclose any such information to third parties without proper or specific authority or unless there is a legal or professional right or duty to disclose. Confidential information acquired as a result of professional and business relationships should not be used for the personal advantage of members or third parties.
Professional behavior	Members should comply with relevant laws and regulations and should avoid any action that discredits the profession

(Extract from ACCA P1, 2009.)

Most other professional accounting and financial bodies will also have codes for their members. Simply because persons are qualified does not mean they will do the right thing all the time. Therefore, it is important for them to have established principles to conform to. These guide their professional development.

Once persons who embrace these codes of ethics and conduct are found, they must be properly assessed. If they qualify for employment, they can be given the opportunity to help the CEO manage the organization's funds.

The CEO should not employ persons who are friends, family, etc., who cannot manage the organization's resources or does not have appropriate ethical values. Many persons who might like to oversee the organization's finances might also be questionable stewards. Therefore background checks on potential employees are important. The finances of an organization are too critical to be placed in the hands of those who may care more about the benefits to be derived from overseeing them than the responsibilities involved.

Once the CEO can find professional to be accountable for the organizations' finances, they can attend to other things like daily meetings or planned vacations. They will not have to wonder daily about the organization's financial position.

6.2 The Control Environment

Even professional accounting and financial officers may not be able to see the details of every transaction. Therefore, they must establish a control environment that allows them to be assured accounting and financial transactions are being conducted reasonably and in the best interest of the organization.

"The Internal Control framework compromises the control environment and control procedures. It includes all the policies and procedures (internal controls) adopted by the directors and management of an entity to assist in achieving their objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to internal policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation or reliable financial information. Internal controls may be incorporated within computerised accounting systems. However, the internal control system extends beyond those matters which relate directly to the accounting system" (ACCA P1, 2009).

6.3 Budgeting

Any organization that wants success must plan for it! This will be done through strategies and budgeting. While smaller organizations may not see the need for budgeting, it is an important area that ought not to be ignored. Budgeting often helps organizations to protect their revenues, capital expenditures, etc. Very rarely will an organization spend its financial resources skilfully without a budget.

The board of directors is expected to review the annual organizational budget before the financial year starts. This means the CEO will have to guide his or her team in making projections for the New Year and in determining how those projections will be realized.

The CEO must examine the information incorporated into the budget and before providing his or her approval, seeking clarification on any information contained in the budget that may require it. When the CEO is satisfied with the budget, it can be forwarded to the board of directors, if one exists. Employees must only work with a budget approved at the highest level of the organization.

The budget must not be prepared without a strategy. Too many organizations are simply providing figures and assuming that those figures are sufficient to guide them. When the organization has a strategy, then it is working to a specific target that may involve the contributions of all employees.

Figures must be derived from the organization's vision, strategy, etc., so that there is a clear path for the organization to take in the next year. For example, the legal and compliance units may not be too interested in the precise numbers, but may want to know the overall strategy, so that they can properly plan to represent the organization and to look at possible risks. This type of planning will increase the chances of major financial success.

6.4 Performance Management

An organization very rarely achieves everything that was budgeted for, or the same performance as it had last year.

The CEO, along with the other employees, must assess the performance of the organization. This assessment may be done at different intervals (e.g. weekly, monthly, quarterly, semi-annually, etc.), but must be done consistently.

Whenever there is a deviation in performance, the appropriate reasons must be provided, and action must be taken wherever the need arises. When no action is taken, a small problem can escalate into a huge one, and the organization may soon have to cease operation. This poor practice has happened in many organizations. To their regret, they have suffered consequences as a result of failing to address their own performance periodically.

When performance has declined, someone has to be held responsible. If the factor for failure has been external to the organization, then no action is required. However, if it is internal, then someone must be accountable. Some officers of organizations will continue their poor performance if it is not recorded and assessed, and therefore limit the growth of the organization.

The CEO must be willing and able to invoke sanctions where appropriate, and must do so without bias. They must surround themselves with persons who know when performances are reduced, so that they can be informed and act accordingly.

Many employees will watch how the CEO reacts to poor performance. Based on that response, they will decide how to approach certain activities. Strict action from the CEO often gets the attention of all employees, but refusal to take any suggests that they can act without consequences.

The CEO must remember that they set the tone for performance management. Taking corrective action will not make them popular. However, while not doing so may cause them to gain friends in the short term, it may cause the organization to fail in the long term, requiring all employees to seek employment elsewhere. A CEO’s job is never to be popular, but to do the right things, which they are paid to do!

The CEO must ensure that adequate mechanisms for assessing the performance of the organization are in place. Systems must be established to enable this. The timing of assessments must also be set. Key Performance Indicators (KPI) may be included in some employees' contracts to inform them of what they will be assessed on. Most CEOs will have KPI to work with. They are not employed by their organizations to do whatever they like, but to deliver specific results and provide appropriate solutions, or face sanctions.

The greater the compensation offered by the organization, the greater your responsibilities as CEO will be. Some of the requirements may cause you to have sleepless nights, but you will be paid to deliver. If you do not, someone else will take your place.

When CEOs are known to be delivering the results expected by their principals, they may be sought after by many organizations. On some occasions, they do not have to negotiate their compensation, since organizations are willing to pay premium prices for them. You can be the next CEO many organizations want, but your performance must speak volumes and senior persons must be singing your praises.

6.5 Ratios and Financial Analysis

Some CEOs may not be very familiar with financial and other reports. In that case, some ratios and financial analysis may be adequate to help them make key decisions. They will then be able to quickly assess the performance of the organization and make careful decisions.

The formulae for analysis must be consistent. Some persons are in the habit of making changes so that performance measures will reflect what they want. That approach is not correct and will only harm the organization. Whatever the established indicators show will have to be the final results. The CEO must also work with other employees to protect the integrity of the formulae. Once the formulae are designed, consultation should be done when or if changes are necessary, and such changes must be approved by the appropriate persons.

The CEO must agree on the ratios and other analysis that they need in order to make decisions. Many senior officers within the organization must learn how to read this information. Some senior officers may have their technical biases, but they must be trained to interpret the relevant data so that they can also be engaged in strategic decision-making.

6.6 Borrowing

Some organizations may not have all of the financial resources they need. Therefore, borrowing may become essential to their continuity and financial affairs.

The CEO, generally in concert with the board of directors and other senior officers, must approve all borrowing. There may be the need to have at least two individuals providing signing authority.

When an organization wants to borrow, it must consider many factors, before engaging an doing so. There must be a clear and compelling reason to borrow. The amount to be borrowed must be properly calculated and reviewed. Some persons are interested in borrowing more than the amount needed. However, every dollar borrowed will attract interest, and the organization must know if it has the ability to repay such sums. Once determined, repayment schedules will need to be strictly followed, so the organization can avoid paying unnecessary interest. The process of securing loans may be extremely easy, but the interest rates on those loans may be very high. Therefore, the organization must carefully assess the interest rate it thinks it can afford.

The collateral (security) for borrowing may also be another interesting factor to be considered. Some lending institutions may require many things from the borrowing organization that put it in a challenging position, and if the principal and interest are not repaid as specified, then the organization may have to surrender some of its assets.

Some organizations try to borrow from companies they regularly bank with. This can be a positive option for some, since those lending institutions will already have many of the records required to make a decision. Whenever a different financial institution has to be chosen, there may be the need for the organization to provide many internal records, and the borrowing process may be longer than if the organization wants to go through with its regular financial institution for the purpose of borrowing.

6.7 Investments

Many organizations like to be in a position where they have excess funds so they will be able to make investments. Again, CEOs must be involved in such decisions and should not leave such a matter in the hands of other employees.

Careful assessments must be carried out before investing decisions are made. Some institutions in which an organization is thinking of investing may have healthy financial records for the short term, but may find themselves facing financial challenges in the future. Most times, an organization will do best to choose stable institutions to invest in, even if such institutions may savings rates that may be lower than those of other institutions. Some organizations are always over-ambitious and want a larger return, but the possibility of these returns usually does not justify making riskier investments.

It might be better to take a two percent return than to look for five per cent only to lose the investment and the interest. Investment options must always be properly assessed.

Excess funds must be used or saved. An organization may choose to recapitalize some parts of the operation. In cases where the organization has adequately replaced most of its machinery and plants, and has excess funds, the next option will be to invest them.

No one individual must be solely responsible for investment decisions. The CEO should establish a committee or group of persons who will consider those. The group or committee members must not all be friends, or belong to the same department. Having people with different perspectives will always be advisable in such cases.

Before a final decision is made to invest, the officers of the organization must reassess all factors and see if they remain the same. At the time the initial information about an opportunity is gathered, the conditions may all look favorable, but sometime later some of those key factors may shift.

Investing locally or overseas can be a challenging decision to make. The promises made by overseas organizations may be very appealing, but the reality may be very different. When an organization wants to invest overseas, assessments must be performed with due diligence first.

Local institutions may offer a lower return on investment, but that return may be guaranteed, while those of overseas organizations may be unstable. Local investment options may also have fewer requirements to comply with than overseas ones. Finally, local investments may not be subject to much taxation and returns may be able to be deposited into the organization's bank accounts after a simple form is signed or a telephone call made.

7. Information Technology and Information Systems

When attempting to gather quality information for decision-making, an organization may have to invest in information technology and information systems. Gone are the days when a CEO could wait to know how their organization had performed.

In this modern time, most persons involved in a company, including the CEO, will like to have regular updates on organizational performance. That can become a reality, thanks to investments made in some devices. These investments can allow the organization to have a competitive advantage and possibly to become the leader in its industry. Access to information is no longer a choice, but a necessity!

7.1 Mobile Telephones

Many CEOs no longer spend the entire day behind their desks. They are often moving, but still require some critical information in order to make decisions. While they are away from their desk, they can have such information in the palms of their hands. With the introduction of regular cellular phones and smartphones, information can reach them, at a rapid pace and they can make the necessary decisions immediately.

Mobile phones have become so advanced that many functions and outputs are easily available, to the user of such devices. Many years ago, only persons who had considerable financial resources could have obtained them. However, their reduced cost, the larger number of suppliers in the market, and increases in people's disposable income has made it easy for everyone who needs one to acquire it. These phones no longer are associated with status, but based on the needs of the individual.

As part of the benefits offered to senior employees, many organizations have provided them with mobile phones, at the organizations' expense. Therefore, a CEO is entitled to one at no cost to him or her. Some organizations will also upgrade phones for their senior officers, as the need arises. The monthly charges for the phones are completely often paid for completely, though some organizations may place a cap on the minutes or data that a senior officer can use within a specific timeframe.

Even when senior officers, including CEO, go on vacation, they can have access to information about the organization. They are always kept up to date with events there. Some senior officers have voiced their concerns, that with these phones, they do not have personal lives, since they are always accessible. It may be an organizational policy to decide whether officers on vacation are mandated to respond to all information that is sent to their phones. Some organizations are flexible, but this depends on many factors. People deserve their approved rest periods. However, the work of the organization continues, with or without some senior officers.

7.2 Internet and Intranet

Many organizations cannot operate without the internet and intranet. The internet provides employees with a connection to the world outside of the organization. However, the intranet provides them with communication about the organization.

Smaller organizations may have access to the internet, but may not choose to invest in the infrastructure to have an intranet. Once the intranet is put in place, many internal communications can be made available to employees.

The CEO, along with some senior officers, must design a policy that gives clear guidance about the use of the intranet and disseminate such information to all employees. Otherwise, the resource may be abused. Some organizations require that employees sign such policy, so that the employees become accountable for their actions, and will be aware of the likely sanctions for non-compliance.

The organization must safeguard its information. Hence the need to have a policy for the use of the intranet. Most organizations generate much information, which can otherwise be used by many persons internal and external to the organization for their own reasons.

When organizations have to communicate with external persons, the option may become available, to do so, via the internet or the intranet. The choice of communication method may vary, but it must be consistent for employees and it must be well established.

Senior officers may use their company email via the intranet and their personal email via the internet. Sometimes, both options are used, so as to help them communicate on the organization's behalf. Organizational policy may dictate which option will be used, but senior officers must have the ability to communicate internally and externally.

Many organizations are constantly looking for opportunities to increase the speed at which they communicate via the internet and intranet. Quick access to quality information can also allow for quick results, thus allowing the organization to have an advantage over others that can make the same decision. Slow internet and intranet connection are not acceptable in modern days.

While private organizations had seen the need for faster internet access, public entities are also demanding the same. Those entities, like their private counterparts, want to be able to make quality decisions with minimal delays, so that they can benefit.

When some entities are properly connected with intranet and internet, officers can be at home, and still communicate with many other persons. The internet and intranet have brought work in the living rooms of many persons. This creates its own challenges for family life, and each officer must carefully monitor it so that they still have a balance between private and public existence.

7.3 Dashboard Reports

CEOs do not have a world of time available to them, so the need for quick and summarized information is always important. Many years ago, the senior officers had to spend much time going through many data, include long paper documents, in order to make a decision. When that happened, many senior officers spent long hours in their offices working along with employees to assess a situation from the data provided and then make a decision. Some CEOs and senior officers suffered from burnout as a result.

These are only just some of the forms of internal information to which senior officers need regular access to:

- Sales

- Inventory
- Creditors and suppliers
- Customers and receivable
- Cash and bank balances
- Production for the period
- Employment costs
- Working capital
- Liabilities for the year

It is from these data and others that many senior officers are able to make key decisions for the organization. Often, such data can be provided in the form of a dashboard report.

Figure 20. Decision-making flow

At the senior level, there is a lesser need for data and a greater need for information. Those senior officers who are still occupied with data may not be able to help the organization to grow, as they may become overwhelmed and unable to make timely decisions.

Many senior officers, including the CEO, must agree to the type of information that they need, and to the presentation of such information. Once there is an agreement, then the practicalities must be left those who have the ability to deliver the required information in the desired form.

The design of the organization's information systems and the dashboard report ought to receive the blessings of those who will be using the information in them. Once the information is presented in an acceptable manner, then decisions can be made by many persons. Many years ago, only certain officers had access to information and only they were allowed to make decisions. Now, with the availability of dashboard reports, some officers' simple decisions no longer take much time to be made.

Not all employees should have access to all information. Therefore, it is critical that access to some dashboard reports be restricted. Persons may have to be provided with special login information, such as a password or PIN, to access those. Whenever an employee leaves the organization, such access must be quickly deactivated, so that the employee cannot not use such sensitive information for untoward purposes.

PIN and password combinations should be required to be changed regularly, so as to prevent anyone from learning another person's password and using it for their personal benefit. The establishment of password and PIN combinations has become complicated. Both now have specific requirements— e.g., to use numbers, uppercase, lowercase, etc. All these safeguards have become important, since many persons want to access the organization's data for negative reasons.

7.4 Websites

Websites can be useful for the presentation of annual reports and daily updates, as organizations that have established them have seen. Organizations that have established websites have seen great growth. Many customers can contact or communicate with an organization through its website whenever they would like.

Time and distance are not barriers now, as persons can communicate any time of the day and from any part of the world. There may be some employees who are required to work around the clock to respond to customers via the website. This now obliges organizations to have flexible working hours for employees.

Many times, organizations that are involved in sales emphasize their websites, even if they are small and new. New customers are sometimes easy to attract via the internet, and an organization can easily become known to the public through its website.

Organizations will frequently publish their annual reports on their websites. For some organizations, this is a must, while for others, it is a choice. When the public recognizes that an organization is transparent and wants to keep the public informed, it may offer that organization considerable support without the latter having to engage in much advertising.

7.5 Server and Cloud Storage

An organization must be mindful of the data storage choices it makes. Many years ago, a server was probably the best and only known storage device for large organizations' data. Every organization has a right to protect and store its data, and the server is a good option.

As technology advances, the options to store data have also advanced. Organizations and persons now have the added choice of storing data in the cloud. This new option is evolving rapidly, and some organizations are swiftly adopting it.

Even CEOs must decide where they want to store their data based on their own policy. Cost and many other factors must be considered when contemplating any alternative data warehousing. The organization will need access to data, so that data must be available as the need arises or when dictated by the organizational policy.

Protection of data is pivotal these days. The organization must protect its data from harmful hands. This may require the establishment of firewalls and other ways to prevent many persons from hacking into the organization's database. As more organizations have their data placed on various storage devices, additional efforts must be made to protect it. Some data are stored in the cloud and will also need protection. Hackers keep trying daily to gather internal data from organization to harm the organization or to gather inside information about the organization.

There are some persons who live with the deceptive idea that they must hack an organization's database. While they will make some amount of progress in certain cases, many organizations will increase the safety of their data.

8. Human Capital

Very rarely can an organization work without people.

Some organizations see people as liabilities, while others see them as assets. It depends upon your views of their contributions to the organization. People can help to build an organization, or they can help to break it. There are some who can operate independently and others who need a world of assistance.

The same measuring instrument must not be used to judge every human being. Every human being was created with a purpose, and once you can help them to find that purpose, you may have great success with them. Part of your role as a CEO is not to crucify people, but to help them grow. CEOs have to operate as a father or mother to many employees, despite the age of those employees.

8.1 People Need Direction

Most persons will enter the workplace with a need to work, though some might only be concentrating on something that may not have any benefit to the organization. Those that need to work must be given clear directions.

Employees oftentimes will complain that their direction is not clear. When employees do not have clear direction, much time will be wasted and the organization will not accomplish much. It will incur a lot of employment costs without having very much to show Employees will perform tasks, only to be told, “that is not what you are supposed to be doing”.

The frustration that some employees feel is not because they do not want to deliver their best, but because they have not been provided with information about how to do so. The CEO, through those that are responsible for human resource management, has a great responsibility to ensure that employees are properly guided. Job descriptions must be clear, and if possible, someone should explain them to new employees, and allow some time for discussion. Not all employees may quickly understand the job description, since some terms may only relate to that organization or position.

Some employers do not provide employees with their job descriptions. However, when an employee fails, the employer responds to the employee in an unprofessional manner, thus being hurtful and sometimes causing good employee to leave the organization because they could not get clear direction.

There is another situation in which an employee's job description includes "any other duties". When this appears in the job description, the employee recognizes that they will spend more time performing tasks that they were not hired to do. When this happens often, the organization will be wasting a great deal of money, because of the misalignment of employees with their work. People ought to be employed based on their ability and knowledge. When an employee does not work in the area where they are most skilled, much time may be wasted. That time will have a cost to the organization, but the employee will only be minimally productive. Some organizations may choose to state "any other related duties" on their job descriptions, thus preventing employees from having to execute meaningless or unclear tasks to execute.

There are some situations where employees will perform well in an area that they are not skilled in, but that must not be forced upon them. The CEO must work closely with the Human Capital Department, to ensure that the organization has established policies and procedures for employment and that those guidelines are properly followed.

8.2 People Have Needs

It is the belief of some employers that people only work for an organization, because "they have bills to pay". That view may be far from the truth. Each employee has a need, and once the organization is able to understand that need, and to work along with the employee, the employee may feel a sense of satisfaction to be working for that employer even if the latter is unable to meet the need.

When people's needs are met, they will often try to deliver great performances at their place of employment. Employers sometimes ignore the needs and feelings of people, expecting them to operate like robots. However, employees often want their feelings and needs to be known and addressed by employers.

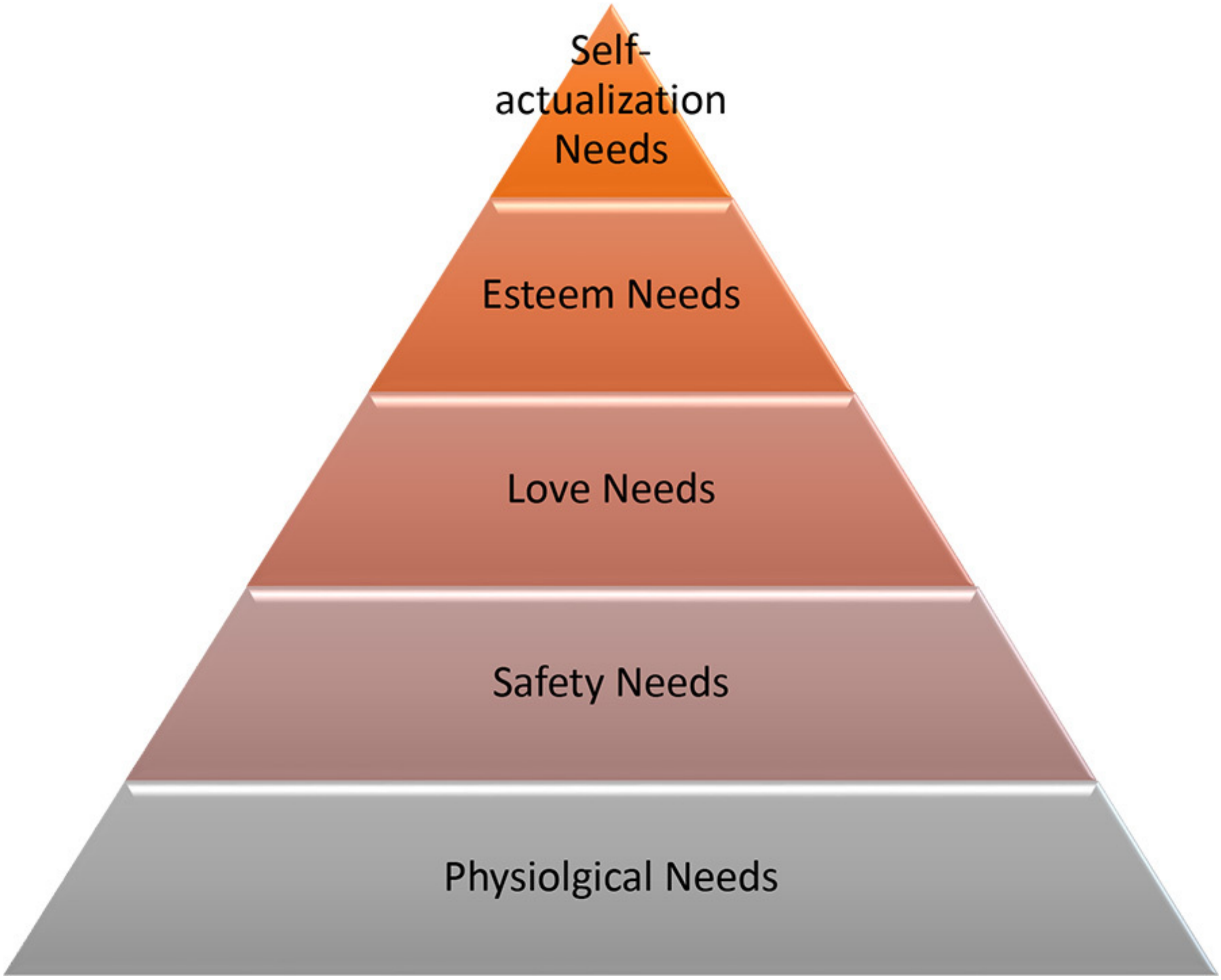
When persons know that their needs are satisfied, they may be willing to go the extra mile for the employer. It can be surprising to see how some employees are willing to work beyond the call of duty for some employers. Yet, if those employees work for another employer, they just work to rule. Employers need to know what the needs of the employees are. If it is possible for an employer to assist without jeopardizing the organization, then it should offer such kindness to employees.

Some employers are so concerned about their employees that they will provide daycare, coffee room, study loans, etc., for their employees, which often creates loyalty to the organization. These facilities may be provided with conditions, and may not be available to all employees, but those who benefit are often willing to give great service to the employer. "Motivation is concerned with why people do (or refrain from doing!) things. A motive is a need or a driving force within a person" (Cole, 1993).

The employer must often try to get employees motivated so that they will do outstanding work for the organization. When there are many employees who want to give the organization their best, then the CEO can be more relaxed, knowing he or she has a lot of help with the work of keeping the organization successful.

People have needs that are not only limited to wages. In the diagram below, which may be familiar to many, Maslow identifies the hierarchy of needs.

Figure 24. Maslow's Hierarchy of Needs



(Extract from Cole, 1993)

The CEO, along with other senior officers, must try to motivate employees. They must constantly seek the opportunity to motivate their staff, then look to see what the results of the organization will be.

The ability to motivate others by appealing to their needs is a fundamental leadership skill and has strong connections to building cohesive, goal-oriented teams and getting results through others (Hughes et al, 2015). The CEO, along with other senior officers, must constantly try to do so.

8.3 Compensation and Recognition

Very few employees will work for free! Most like to receive some benefits for their efforts.

The compensation will vary according to a person's functions, job descriptions, academic training, experience, etc. However, in situations where the job is the same and multiple people have the same qualifications, it is expected they will receive the similar or the same compensation. Efforts must be made to prevent division among employees because some are not properly compensated, which may be deliberate attempt, or it might be an error.

A CEO has a responsibility to provide mechanisms for ensuring employees are adequately compensated, based on the organization's policy and the terms laid out in letters of employment. It is surprising to know that an employee may have a letter of employment that clearly states their compensation, but someone who does not care about them will make a deliberate effort to underpay them While this may not be a regular practice, it happens, because some officers within the organization have specific reasons for doing so.

It is not expected that the CEO will be everywhere and see everything, but enough safeguards must be put in place to prevent such occurrences. Every employee is important and deserves to be compensated for the task that is set ahead of them. The CEO cannot allow employees to be compensated below the national minimum wages in violation of laws, since it may create harm for the organization. Employees who know that they are adequately compensated, on the other hand, may be more relaxed and willing to contribute more to the organization's success.

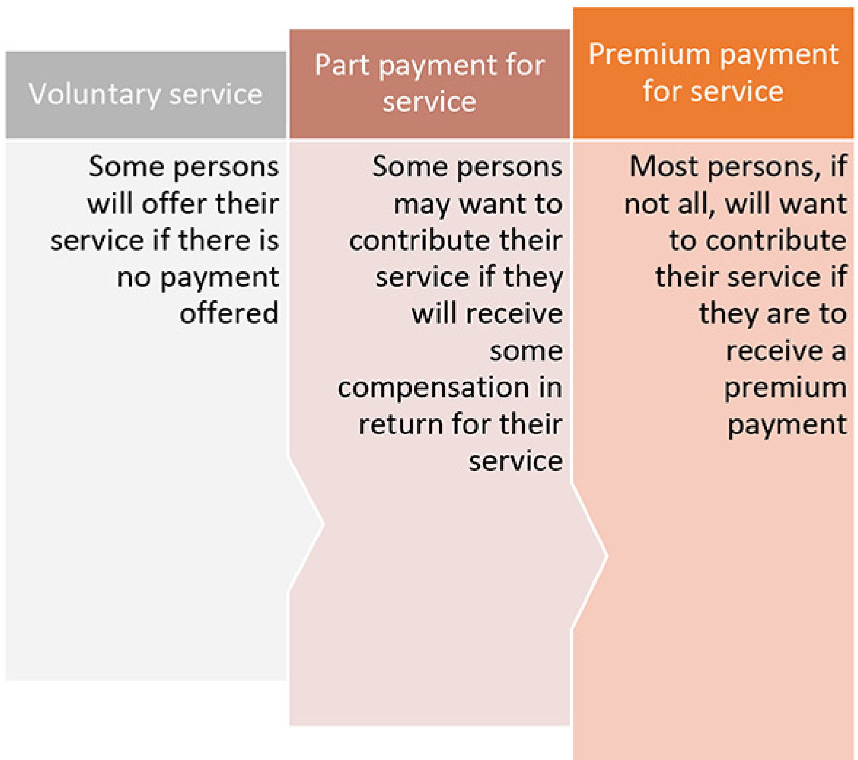
Highly motivated employees can often perform wonders for an organization. Therefore, if it is possible, make those employees motivated by remunerating them appropriately, and look at their performance thereafter.

While compensation will motivate some employees, it will not motivate all employees. Compensation must not be the chief tool for getting persons to work. Therefore, the employment system must be well set, to get persons to deliver their best on a regular basis.

The CEO, along with senior human resource officers, must review their plans and policies for employees to see what they can do to help employees help the organization. There are some organizations whose financial performance is above average for extended periods, yet the employees, do not benefit from the organization's surplus.

When employees feel that they are not appreciated and treated properly, they may make an exit, and an organization may feel the effects of their departure. Organizations must constantly make efforts to understand the employee and to compensate them adequately.

Figure 25. Compensation influences some persons to contribute more towards work



The compensation employees receive does not all have to be in dollar and cents. It is more than just a payslip. When employers understand and appropriately compensate employees, it can even reduce overtime, absenteeism, sick leave, etc.

An employee's compensation package will include more than money and that must be remembered by all senior officers of the organization.

Table 6. Components of 'total reward'

Category of rewards	Subcategory of rewards	Examples of rewards
Extrinsic rewards	Fixed rewards of compensation	• Fixed or base pay • Cash benefits • Performance-related pay
	Development rewards	• Learning, training, and development • Succession planning • Career progression • Other indirect or non-cash benefits
	Social rewards	• Organizational climate or management culture • Performance support • Workgroup affinity • Work-Life balance • Other indirect or non-cash benefits
Intrinsic rewards	Intrinsic rewards	• Job challenge • Responsibility • Autonomy • Task variety

(Extract from Shields et al., 2016)

8.4 Performance Reviews and Sanctions

An area that some organizations consider is to employee performance reviews. Some employees have worked many years with the organization, but their performance has not been assessed for a long time.

Not conducting reviews can be harmful to the employee and the employer. If employees know that their performance will not be reviewed, they may not be inclined to deliver their best. With such an approach, an organization may remunerate the employees well, but only receive poor performances from them Some organizations have failed because employment costs increased, but employees failed to deliver, and the organization did not review their performances.

Whenever employees' performances are not in keeping with organizational requirements, then sanctions must be applied. Failing to do so will cause many other employees to take a similar approach, and a profit-making organization can soon become a loss-making organization if the situation is not corrected in a timely manner.

The CEO must ensure all employees undergo regular performance reviews. The organization may need to institute a policy, if none exists, concerning performance appraisal and the frequency of reviews.

A standard must be set. If any employee's performances do not match the requirements of the organization, corrective action must be taken. Such corrective action must have no limit. It must be applied to senior officers, and not only junior employees. Too often, sanctions are only applied to the latter. That practice must not continue, since junior employees may become dissatisfied with such lopsided approach. The CEO has a great responsibility to enforce all policies, even if it hurts some who are dear to them.

8.5 Rotate and Empower People

An organization that rotates employees into different positions and gives them opportunities to learn new things might be helping its own growth. When an employee has performed the same function for an extended period, it might be important to allow another to learn the same thing, and also to give the first employee a new opportunity, so that someone else may do the same task, and probably do it better. No employee must be treated like they are lord over a particular function.

Those employees that need to learn new jobs may require some amount of training. Training is important for new and long-serving employees.

Mentoring, coaching and succession planning must be part of the organization's efforts to enhance the skills and understanding of employees. Such plans must also be communicated to employees and must be part of the strategy for the organization.

When there are more persons that know to do the same function, then the organization may not have too many challenges with its human capital. People must be adequately equipped to deliver the assignments set before them. The organization must help employees to become better. It will benefit by doing so.

9. Legal and Corporate Governance

Organizations ought to follow certain regulations. Where there is no regulation, there may be confusion! Regulations are important in helping people, organizations, systems, etc., to conform to established standards.

9.1 Regulations

Many countries and international institutions are pressing to have more regulations put in place. Some non-profit organizations are constantly trying to protect their clients and other persons who are associated with them. Regulations must be in place to protect consumers, children, persons with disabilities, the environment, etc. A CEO must, therefore, ensure that he or she understands the regulations that apply to his or her organization's operations and follow them where appropriate, so as to avoid fines and poor publicity.

Regulations are there to help people and organizations know the right thing and to inform them of possible consequences should they deviate. Many persons will be happiest to take an open approach to business. However, while they may be able to benefit, there may be others who will suffer, as a result their laxity.

Organizations sometimes may have to protect their patents, intellectual property, etc. Regulations are important in helping organizations to safeguard their assets, whether tangible or intangible.

The organization that fails to protect its assets may lose its ability to generate future revenue. Once the organization uses its assets effectively, it may be able to make progress that will help it stay sustainable.

9.2 Environmental Laws

Environmental laws are becoming more and more stringent. Many organizations may not recognize it, but some aspects of their business may have an adverse impact on the environment.

Some environmental laws help to protect those who cannot speak. While organizations may use some natural resources, they must not deliberately harm the environment. If they do so, human beings may very soon have difficulty existing on this wonderful planet.

Human beings depend on the environment for their existence. A CEO, along with their employees, must take personal responsibility for putting systems and policies in place to protect the environment. Failing to do so may result in significant environmental fines. Some organizations are charged for the dumping of waste. In some countries, the fines for pollution and dumping of waste are very significant.

9.3 Labor Laws

Organizations are expected to follow labor laws.

Child labour must not be encouraged and those organizations that employ children may be faced with hefty fines. Some organizations have utilized children in their production over the years, but have suddenly recognized they were engaged in illegal activities. This realization might have been reinforced by legal action.

Each employee is entitled to certain conditions and benefits. The CEO, along with his or her human resources team must ensure that each employee is treated fairly, and that justice prevails. He or she does not have to be a legal or human capital practitioner to ensure that the organization does the right things, but must impress upon the other leaders the necessity of doing them and following the required procedures. Remember that labor laws are there to protect the employee and the employer Those organizations that follow the labour laws may prevent legal challenges and public humiliation

Many times, when there are legal actions brought against the organization, the CEO has to represent it, or choose a designated officer to attend court sessions. The encouragement he or she gives his or her officers to follow requirements—including the calculation and proper handling of employee income tax, pension and Social Security contributions—can help prevent such occurrences.

9.4 Company Secretary or Legal Counsel

Publicly listed organizations are expected to have a company secretary, or someone designated to perform a similar function. The Cadbury Report (1992) provides information about what such secretaries do:

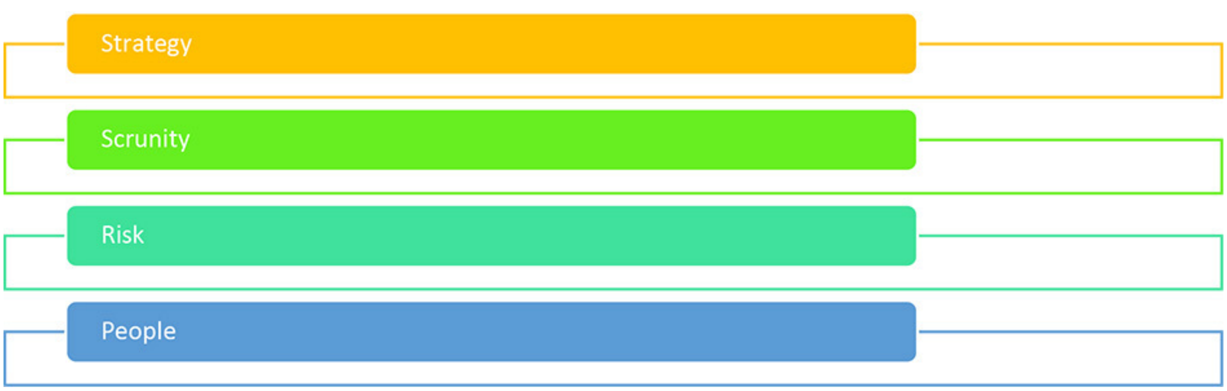
"The company secretary has a key role to play in ensuring that board procedures are both followed and regularly reviewed. The chairman and the board will look to the company secretary for guidance on what their responsibilities are under the rules and regulations to which they are subject and to how those responsibilities should be discharged. All directors should have access to the advice and services of the company secretary and should recognize that the chairman is entitled to the strong support of the company secretary in ensuring the effective functioning of the board" (ACCA P1, 2009).

The person who has been appointed company secretary must know that they have a great responsibility to take care of. They must make every effort to ensure that the organization upholds the relevant policies, procedures and laws, even if the CEO or other officers might sometimes wish to deviate from those.

9.5 Board of Directors

Organizations will establish boards of directors. Many different persons may be appointed as members of such a board. While

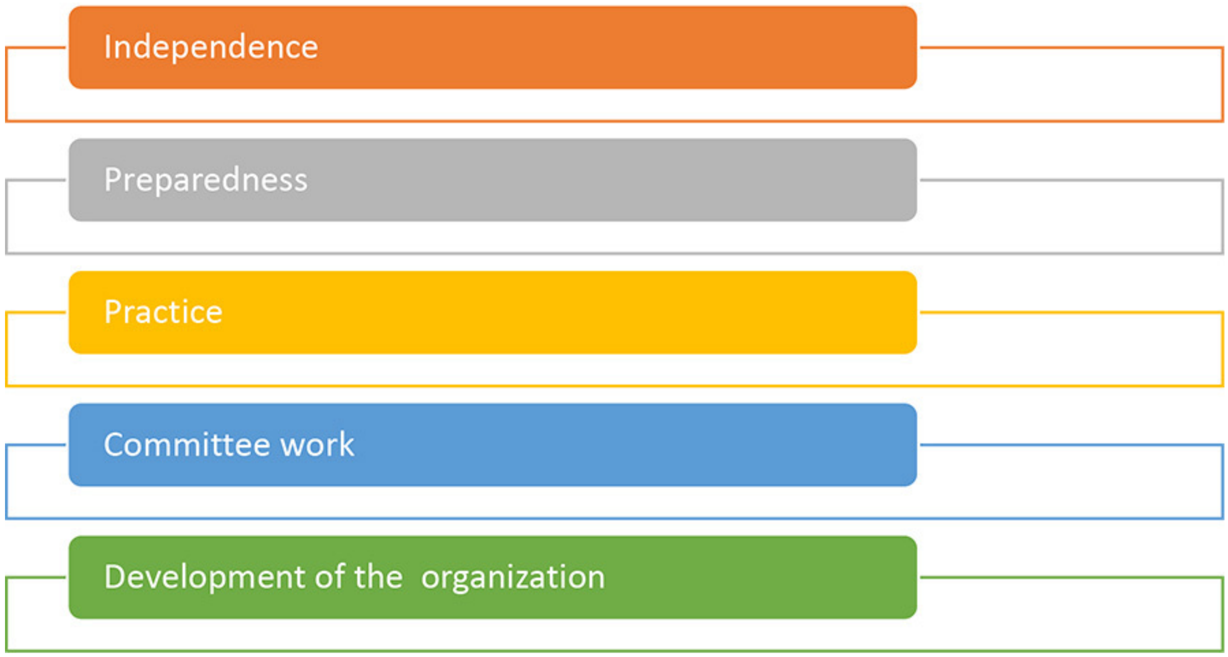
Figure 26. Role of non-executive directors



(Extract from ACCA P1, 2009)

Some persons are very interested in being a director, but it is a demanding role within an organization. Those who are required to serve in such capacity must do justice to such an esteemed office and help the organization to grow.

Figure 27. Criteria that could be applied to the individual director



(Extract from ACCA P1, 2009)

In most cases, the CEO is part of the board, and is expected to provide the other directors with many reports and documents about the organization. The CEO is expected to follow members' instructions to ensure that the board's strategies will be executed in a timely manner.

While non-executive directors will not be a part of the operational function of the board, the CEO is expected to execute those instructions received from them. Many CEOs will be very happy to work with directors who have a clear vision for the organization and does not want to be involved in its daily affairs of the organization.

Some non-executive members will like to be engaged in daily activities, but that is not always part of their responsibility. The executive directors must handle the tasks assigned to them efficiently, while recognising the division between their responsibilities and the CEO's. The CEO, for his or her part, must be diligent in following the directors' guidance and working with all them to make sure the organization performs as expected.

Those persons who are appointed to the positions of directors ought to know that they have an important function to perform. The combined work of each director will help to develop the organization or cause it to fail. The CEO cannot perform all the necessary functions, and the public and employees often observe how directors operate and form their own opinions.

Table 7. Types of Director

Type of director	Explanation
Executive director	Is a member of the board of directors who is also an executive manager of the company. An executive director is a member of both the board circle and the management triangle. The chief executive officer (CEO), sometimes known as the managing director in commonwealth law jurisdictions, is likely to be a member of the board, but does not have to be. Similarly, the chief finance officer (CFO), the chief operating officer (COO), and other members of what is sometimes called the "C" suite of top executive officers or may not also be executive directors
Non-executive director	Is a member of the board who does not hold any executive management position in the company. He or she is in the board circle but not the management triangle
Independent non-executive director	Is a director with no affiliation or other relationship with the company, other than the directorship, that could affect, or be seen to affect, the exercise of objective, independent judgment
Affiliated or connected non-executive director	Is a director who, although not a member of the management team, does have some relationship with the company. The connection might be that the director is a retired executive of that company is a close relative of the chairman of the chief executive, was nominated by a shareholder, is linked with important supplier, distributor, or customer, is a representative of a major financial partner, or even a retired partner of the firm's external audit firm
Shadow director	Is a person, although not formally a member of a board, is able to exert pressure on the decisions of that board. In many jurisdictions, a shadow director can be held liable as though a legally appointed director of the company
Alternative director	Is a person who takes the place of another director if that director cannot attend meetings. Alternate directors are often named for directors who live in different countries and cannot attend every board meeting
Nominee director	Is a director who has been nominated to the board by a major shareholder or other contractual stakeholders, such as a significant lender, to represent its interest. Nominee directors can find themselves in tricky situations because of their inevitable dual loyalties

(Extract from Tricker, 2015)

Below are the basic functions of the board of directors, according to Tricker (2015). It is expected that once non-executive members understand and operate according to their functions, then their combined efforts, along with those of the executive directors, may yield great success for the organization.

Figure 28. The basic board functions

(Extracted from Tricker, 2015)

9.6 Board Committees

The various members of the board ought to have certain key skill sets that will help the organization to operate effectively and according to regulations. They will be appointed to various committees according to their abilities, knowledge, etc. The major committees that most boards have are shown below. Organizations can establish additional committees, but those committees must add value and strengthen regulations.

Table 8. Board Committees

Type of committees	Explanation
Internal audit committee	Arguably the most important committee, responsible for liaising with external audit, supervising internal audit and reviewing the annual, accounts and internal controls
Nomination committee	Responsible for recommending the appointments of new directors to the board
Compensation committee	Responsible for advising on executive director compensation policy and the specific package for each director
Risk committee	Responsible for overseeing the organization's risk response and management strategies

(Extract from ACCA P1, 2009)

On some occasions, the chief executive officers, chief financial officer (also possibly known as the finance director, chief accountant, or comptroller) and/or company secretary (legal officer), may be appointed to various committees. They are expected to help the non-executive directors with decision-making and clarifying information, and to act on the guidance those directors provide.

9.7 Chief Executive Officer and Chairman

The CEO is responsible for running the business and for proposing ideas that will help the non-executive directors develop strategies for it. The CEO is also responsible for implementing the decisions of the board of directors and its committees, developing the main policy statements, and reviewing the business's organizational structure and operational performance (ACCA P1, 2009).

Figure 29. Major responsibilities of the CEO, per the UK Combined Code

(Extract from ACCA P1, 2009)

Many organizations that are required to follow cooperative governance practices are now keeping the roles of the chairman and the CEO separate. When this happens, there is a clear separation of duties, which allows for proper accountability between the two separate functions.

"The roles of chairman and chief executive should not be exercised by the same individual. The division of responsibilities between the chairman and chief executives should be clearly established, set out in writing and agreed by the board" (Tricker, 2015).

Figure 30. Role of the chairman

Running the board and setting its agenda

Ensuring the board receives accurate and timely information

Ensuring effective communication with shareholders

Ensuring sufficient time is allowed for discussion of controversial issues

Taking the lead in providing an induction program for new directors

Taking the lead in board development

Faciliating board appraisal

Encouraging active engagement by all the members of the board

Reporting on and signing off on accounts

(Extract from ACCA P1, 2009)

9.8 Internal Controls, Policies and Procedures

Internal control is any action taken by management to enhance the likelihood that established objectives and goals will be achieved. Management plans organize and direct the performance of sufficient actions to provide reasonable assurance of this. Thus, control is the result of proper planning, organizing and directing by management (ACCA P1, 2009).

The CEO must ensure the organization follows the relevant policies, procedures, etc. These guiding documents will help the organization to operate consistently.

Table 9. Explanation of policies and procedures

Term	Explanation
Policy	Description of the approach or attitude adopted by entity or activity

(Extract from Nicholas and Baker, 2013)

“Although policies and procedures are often referenced together and are closely related, they are actually two distinct things. Policies may be described as a course of action or something an organization is supposed to do. They are likely to include the reason or rationale for doing something, and for doing it in a particular way with reference to agreed strategic objectives. Policies can be a statement of what the organization stands for. Procedures provide the steps by which the policies will be met” (Nicholas and Baker, 2013).

When an organization employs a new person, there ought to be some guiding practice or document that will help to guide them. Many organizations employ persons and just provide them with a brief overview of what they are expected to do. Some persons learn quickly, while others take longer. Some employees may follow the practices of the organization and others may want to deviate. Where there are policies, procedures, etc., employees can be introduced to and follow a standard way of operating.

The old UK Auditing Practices Committee’s guideline Internal controls gave this useful information:

Table 10. Old UK Auditing Practices Committee’s Internal controls guidelines

Principle	Explanation
Segregation of duties	For example, the Chairman/Chief Executive roles should be split
Physical	There are measures to ensure secure the custody of assets, e.g. only authorized personnel are allowed to move funds on to the money market
Authorization and approval	All transactions should require authorization or approval by an appropriate responsible person; limits for the authorizations should be specified, e.g. a compensation committee is staffed by non-executive directors to decide directors' pay
Management	Should provide control through analysis and review of accounts, e.g. variance analysis, provision of internal audit services
Supervision	Of the recording and operations of day-to-day transactions. This ensures that all individuals are aware that their work will be checked, reducing the risk of falsification or errors, e.g. budgets, managers' review, exception or variance reports
Organization	Identify reporting lines, levels of authority and responsibility. This ensures everyone is aware of their controls (and other) responsibilities, especially in ensuring adherence to management policies, e.g. avoid staff reporting to more than one manager
Arithmetical and accounting	To check the correct and accurate recording and processing of transactions, e.g. reconciliations, trial balances
Personnel	Attention should be given to selection, training and qualifications of personnel, as well as personal qualities; the quality of any system is dependent upon the competence and integrity of those who carry out control operations, e.g. use only qualified staff as internal auditors

(Extract from ACCA P1, 2009)

Persons may see internal controls harmful to them, but policies and procedures are there to help the organization and its employees to follow standard operating procedures and creating consistency. When there are no internal controls, persons may do harmful things to the organization that may cause it to cease operation or face fines for regulatory violations.

The CEO must also look for any additional ways of enhancing the internal controls of the organization, and employees must take responsibility for adhering to them. When internal controls are not established and enforced, employees may take the liberty to do as they please, thus creating harm to the organization and turning it from a profit-making organization into a loss-making one. Pilfering is a very common occurrence where there are few or no internal controls are operational.

A simple but yet important set of regulations for an organization to follow is the one regarding occupational health and safety (OHS). Some employees may feel they have been doing a job for an extended period and may not need to follow safety regulations, only to recognize that they may soon harm themselves. Internal controls are not laws, but failing to follow them may result in the organization failing to meet some international and regional requirements. If the organization has to meet International Organization for Standardization (ISO), for example, appropriate internal controls may help it maintain its certification.

10. Projects

Some activities are routine in an organization, and many employees know those activities by heart. Some of these tasks will include ensuring that the building is secure, turning lights on and off, and compensating employees. However, routine activities are not projects.

“A project is a temporary endeavour undertaken to create a unique product, service, or result. The temporary nature of projects indicates a definite beginning and end. The end is reached when the project’s objectives have been achieved or when the project is terminated because objectives will not or cannot be met, or when the need for the project no longer exists. Temporary does not necessarily mean short in duration” (PMI, 2008).

An organization may have to perform projects that will require special personnel, special skills, specific timelines, etc. Engaging in projects will require the organization to make temporary adjustments to.

The funds to execute projects will have to be separate from those used for routine activities. Some projects may require large sums of money, but may be critical to the success of the organization.

10.1 Long- and Short-term Projects

The projects that some organizations have to execute will not be completed within a few months. For example, construction of a new factory, new road, etc., may take more than one financial year. An organization that has to account for these projects over multiple financial years will need to provide some information in its annual reports so that stakeholders can stay informed about their progress.

Some projects may be able to be completed within a few months, but that will depend upon the availability of the materials and people once the finances have been determined. Ideally, projects will be completed before the expected time. This will allow the organization to use the assets involved to gain revenue or enhance efficiency.

The CEO must constantly review a project and try to motivate the team to finish it within the time allocated. Some employees will like to take more time to complete the project, usually in order to gain some additional revenue from it. In the meantime, however, the cost has to be borne by the organization. The CEO must be aware of this and similar reasons why a project may exceed the estimated time and must put mechanisms in place to avoid overruns.

A project may have an impact on the customer who has contracted the organization to deliver it and expects delivery within an identified timeframe. On a “turn-key” project like this, most times delivery timelines will have been identified, and the organization must try to meet those timelines.

There may occasionally be delays in projects. However, that must not be the norm. Some organizations have lost customers, because they have often delivered projects after the agreed time. When this happens, customers may begin to speak about the organization not delivering the projects as planned, giving it a poor reputation.

The reputation of an organization is a very important intangible asset that an organization must work towards the building. The CEO must constantly be guiding his or her team to build their reputation. If the CEO takes a Laissez-faire leadership style, and the supporting employees adopt a similar approach very soon the reputation of the organization may be adversely affected, and potential customers may be lost.

10.2 Project Coordination and Management

The CEO will never have enough time to supervise all projects directly and daily. They are only one person, who has to spend time doing many other important things. Some CEOs are burnt out by trying to manage all aspects of the organization on a daily basis and in detail.

If you are a CEO doing that, then very soon you may not be able to establish a new vision for your organization. In the initial stage of its development, you may be intimately involved in many aspects of the organization, but as it expands, you may not have much time for that, though the work of the organization must continue. You will need to delegate, though you will need to be willing to receive frequent updates.

Organizations may employ persons specifically to supervise projects. These persons may be called clerks of wok, project coordinators, project supervisors, project managers, etc. Whatever their titles, they must ensure that they help the organization to deliver the project that is assigned to them.

Organizations and people are good at starting things, but may struggle in later project stages. As the CEO you cannot allow the organization to invest significant funds and time, and not appoint someone to supervise a project. Occasionally, highly skilled persons may be needed to supervise it. In such a case, the organization may have to make the decision to employ an external expert to assist with the supervision of the project. The compensation for such person must be carefully considered, as the normal rate of pay may not be attractive.

The supervising officer must constantly impress on the executing team the necessity of working within the project scope and of being diligent in doing so.

10.3 Project Scope

Some persons and organizations like to start a project or task without having a plan. They may get something completed, but it may not be what they were expecting. In order to have a plan for a project, it is important to have a project scope.

Table 11. Project scope and product scope terms

Term	Explanation
Project scope	The work that needs to be accomplished to deliver a product, service, or results with the specified features and functions
Product scope	The features and functions that characterize a product, service, or results

(Extract from PMI, 2008)

It is clear that a project ought to have a project scope. This will guide the team and also provide the supervising officer with a clear sense of what to expect. It will always be difficult to measure something if you do not know what you have to measure.

The CEO can request regular updates on how the project is progressing and team members can indicate its status according to the project scope. Based on that status, the CEO will also be able to anticipate when the project is likely to finish and what financial resources will be needed.

If the project is behind schedule, then the CEO along with other persons can make a decision to increase the financial resources and human capital allotted to it, so as to allow it to finish on time.

The involvement of the CEO will be important, as it will provide them with an understanding of the success and challenges of the project. If they have to negotiate or have a discussion about other projects, they will have some idea of the areas to address. Having them closely monitoring the project will also help to motivate team members. Decisions can be made immediately if the need arises, and there will be no need for additional consultation about project change management.

10.4 Project Time

This is an important aspect of all projects. Too often, persons complain that the project has exceeded its allotted time. Some employees may not understand how much a delayed project may hurt the organization and the customer.

Figure 31. Possible impacts of delayed projects

“Project time management includes the processes required to manage the timely completion of the project. Each process can involve effort from one group or person, based on the needs of the project. Each process occurs at least once in every project and occurs in one or more of the project areas” (PMI, 2008).

The CEO must carefully guide the project team to deliver as much as it can within the required time. There will be situations where unforeseen events cause delays to the project. However, in cases where some challenges are known, then there must be consideration of risk management. Time is too critical to waste and efforts must be made to minimize delays.

If the organization has previously done a similar project, then there may have been lessons learned, and such information can help with current and future projects that may be similar in nature. Time delays are often not a good sign for the organization. If it senses that it will encounter them and there is nothing to be done, it should keep the customer informed, while exploring other options for meeting the expected timeline.

Procurement from external sources can sometimes create substantial delays, especially if there are logistical issues many of the parties do not have control over. However, procurement must be properly planned and executed in a timely fashion.

The sequence of events must be properly coordinated. The precedence diagramming method and other approaches to plan the project must be carefully explored and consideration must be made for contingency.

Efforts must be made to minimize the risk of a shortage of human capital due to strikes, accidents, and other controllable factors. Regular communication about and inspection of the project may be needed to assess the requirement for a backup plan to help avoid delays.

10.5 Project Costs

A project is likely to have a cost.

“Project Cost Management includes the processed involved in estimating, budgeting, and controlling costs so that the project can be completed within the approved budget. On some projects, especially ones of smaller scope cost estimating, and cost budgeting are so tightly linked that they are viewed as a single process that can be performed by a single person over a relatively short period of time" (PMI, 2008).

If the organization will regularly be engaged in projects then a project accountant, project finance officer, etc., may be hired. This individual is expected to assist with the planning and sometimes monitoring of the project cost. When there are variances, this information must be promptly communicated to the relevant persons so that a decision can be made regarding how to keep costs within the project budget or to notify the customer that the final price may be more than was planned. If the cost overruns are not too great, the organization may want to absorb them. However, if the costs are significant, the organization may want to pass them onto the customer.

Some organizations have challenges in managing project costs. They start off very well, but someone may choose to make slight adjustments, and this may cause cost variations. Ideally, persons ought not to make changes to the project, unless the project change management committee has approved such changes. However, if any change has to be made, the cost must also be carefully considered.

Most organizations will like a project's actual cost to be close to or below the one budgeted. It takes substantial effort to deliver the project on budget, but it's always worthwhile to try for cost improvements.

10.6 Project Quality

When all of the efforts are made to ensure that project scope, time and cost are executed, the end result must not compromise quality.

Too often, persons and organizations may want to adjust scope, time and cost without carefully considering quality. The CEO must remember that if quality is affected, then customers may enforce fines, refuse the project, inform others and the press about the quality of the work, etc. Therefore, the CEO must try as much as possible to make sure that the project team delivers quality projects.

If a few additional dollars may have to be spent in order to gain quality, that decision may have to be made. Some organizations may not want to spend, but they must try and avoid deviation from quality standards.

Customers are often looking for a specific result an organization has agreed to provide, and are expecting they will receive what has been promised. It is often good to make a contractual arrangement. In cases where there may be deviations, both parties must be informed and agree to any changes.

Organizations sometimes have to face fines and other legal challenges because they have failed to deliver the quality of project that was promised. A CEO must avoid this, since it will affect the reputation of their organization and it may cause the organization to incur unnecessary expenditures over legal battles.

10.7 Post-project Audits

Most large projects may require an audit after they are finished. In such a situation, the organization will be able to learn lessons and also to find ways of performing better.

Some organizations are of the view that once they deliver a project, their work is finished. That may not be the case, since they may be required to audit the project they have delivered. Some of the post audits may be done by internal resources. However, if the project is large, new to the organization, involves international agencies, etc., then there may be a mandatory requirement for the audit to be done by external organizations.

If an organization has done what was required, there is no need to fear. However, some organizations know that they have deviated from the requirements and will be fearful during and after the audit.

The CEO must ensure, as far as possible, that the project team follows the scope of work, performs their tasks within the time allotted, and makes expenditures in accordance with the budget. Financial and other important records must be carefully stored, during and after the audit. The auditors may need to review the organization’s records in order to give an opinion about the audit.

The CEO must ensure that systems to record and store the project records are in place. Failing to keep proper records may have an adverse impact on the organization, and may draw criticism. It may raise people's suspicions, even if the organization has done all the right things. Record-keeping is an important aspect of any project and business.

If the organization has done the correct things, then the post-audit will validate its actions. However, if the organization acted contrary to the project requirements, then the post-audit should reveal that.

10.8 Project Handover

Once the project is completed and meets the requirements, then it is time to hand it over. Even if the project is for the direct benefit of the organization, there should be some form of handover from the project team to the project sponsor.

If the project was done for external persons or organizations, a handover session may still be required. Such a session must be properly planned, and if the need arises, the organization should engage the press, so that they will be able to publicize the related information in the news. The reputation of the organization may be enhanced whenever this happens. A handover is often a significant event for the organization and must not be treated as routine.

Some organizations will place some information about projects on their website, and in albums, magazines and other information sources that will help to spread the message about their performance. This can be done for internal and external projects. Annual reports may also have information and photographs related to projects.

Organizations may take time to keep the public informed of the progress of projects' various stages. At their completion, the organization should make appropriate public statements.

11. Getting Through a Bumpy Period

There is hardly any CEO who would say that their years of leading from the top have been without challenges. all CEOs will face challenges, despite how well they plan their personal lives and the activities of the organization.

Even if a CEO has the best plan, it does not always mean that the results will work in their favor. There may be failures or disappointments that are sudden and have a major impact on the organization. While risk management will remain essential in making provisions for some uncertainties, these provisions will not always be adequate or possible to make.

Figure 32. Challenges will affect a CEO from many different directions

Some challenges face a CEO may be passing ones, but others will be prolonged, without possible end in sight. It takes great courage to make it through a bumpy patch and steer the vehicle into the correct path without losing sight of your purpose as a CEO.

Many CEOs will succumb to the challenges of life when they hit a bumpy patch, but some of them will stay focused and allow the organization to become successful.

> Success sometimes demands a relentless effort to reach a specific target, until the desired result is obtained.

The statement above is the view of this author concerning success.

Anyone who wants to be a CEO cannot quit at the first disappointment but must press through the challenges to become successful. People rarely speak about those persons who came second or third in the race, but mainly speak about those that finished and particularly those that finished first. You can be a CEO who finishes strong.

The CEO cannot afford to be laid back and expect life will suddenly become easier. Some of the bumpy patches can damage the reputation of the CEO, despite it may not be the direct result of the CEO, but once you are in leadership, you are expected to accept responsibility for that which happens during your tenure.

11.1 (Damaged) Reputation

Every CEO will want to finish their stay at an organization with an unblemished record, as doing so will give them something to celebrate for many years. While that may be their preference, it does not always work that way...

The reputation of an organization can be compromised for many reasons. Sometimes, it can be as a result of negligence or deliberate attempts. In cases where the CEO can take action to prevent the same thing from occurring, they should do so quickly.

Whenever the factor is outside of the CEO's control, they must allow themselves time to carefully think and decide on a strategy recovery. A CEO cannot always immediately respond to issues concerning reputation. Some of these issues might have been orchestrated a very long time before, and may need to be investigated before any action can be taken.

There are times when ex-employees may feel hurt about something that the organization did, and they will deliberately take actions that will impact its reputation. The unflattering information provided by an ex-employee may be true, but publicized with the intention of hurting the organization.

Some organizations and their management have caused embarrassment for themselves, despite warnings and advice from persons and organizations. So, the CEO might not be totally surprised at what is happening, but either failed to take corrective action or did not want to take any action that may have cost the organization a few more dollars when it would have been appropriate to do so.

Reputation is not always the easiest thing to fix when it has been damaged. However, the CEO and team must work towards restoring it. This will require much thinking and work, but it must be done, for the success of the organization.

11.2 Human Capital Issues

Another area that may cause some hardship to the organization and its CEO is human capital. People can help to build an organization, or they can help to destroy it!

It sometimes takes great effort to mobilize a team to deliver the expected results.

People have many challenges. Some of them may be related to the organization and others may be personal. Whenever employees are represented by a union, they may have to follow the direction of their union, which may not always be in the best interest of all employees. If they choose not to participate, they may be deemed traitors and may encounter many difficulties with their colleagues.

Unions will often time strive to have an increase in compensation for their employees. That gives unions some power in society and particularly in the workplace. However, actions taken by a union may have a damaging impact on an organization. The union will choose to strike when it hurts the organization the most. If the organization fails to respond to the demands of the union, and does not have an alternative plan, it may lose customers, and soon its reputation. The organization might have a good reputation now, but may suffer if it is later required reduce its workforce, especially in an economic downturn.

Once there are people working for an organization, the reputation of the organization may be affected by their expectations. there may be a need to have highly skilled and experienced persons in some areas of operation. That expectation will not always be met, since there may be a shortage of certain skilled persons. Brain drain is a factor that affects many poor countries, and those countries may not recognize their human capital. With the shortage of skilled persons, the organization may not be able to take on additional production, and may soon be affected by a decline in customer numbers.

Persons who have worked for the organization for many years will not remain with it forever. Some will attain the age of retirement and the organization may have to let them go, based on its policy and the laws of that country. Some of the retirees may have vast skills and experience that cannot be easily replaced. This may sometimes happen when the organization may be involved in custom-made products or services. It is also evident in many other areas of any organization.

The retirements of skilled and experienced persons may have an adverse effect on the organization, and may even affect the reputation of the organization. The CEO may have to live with that until another person fills the relevant position, which may not always be an easy task.

Many, if not all organizations will face challenging moments! That is a fact of life. Difficulties may happen when the CEO is least expecting them, and may vary in duration. Some experienced and skilled employees may leave the organization during a challenging moment. Others may choose to exploit it. Challenging moments may leave a scar on the organization or on the CEO that may become permanent.

If you are a CEO and want to succeed, you must be willing to deal with adversity and find solutions. You must seek the help of others in order to give your organization a successful future. Most principals are looking for a

CEO who can help the organization to remain competitive in the face of the challenges in its path.

11.3 Procurement Issues

The CEO can manage what happens within the organization, but does not have the authority to manage activities outside it. Procurement is one of the external challenges that an organization will face.

The organization will often require items and services produced outside it. This dependency will place the organization in the hands of suppliers and contractors who can either help the organization or damage its reputation. Some may choose to withhold goods or services for one reason or another. They may also choose to increase prices, especially if they have a monopoly on their product.

The CEO of the organization that depends on the outside service or product may have no immediate alternative. They may have to assemble a team of employees to quickly consider what actions can be taken to address the issues before customers are affected. When customers recognize they are not getting the best service, they may switch to another company. Not all customers are loyal and want to stay with the organization through the bumpy patch.

The standard of the product and service delivered by a supplier may also have an adverse impact on the procuring organization that depends on such inputs. The standard of the product or service may decline without notice, and the organization that depends on it may not easily recognize it until some customer makes a public comment about what they paid for. Organizations must establish systems to prevent poorly made items from passing through the system.

Some suppliers may have regular delays. These delays will impact the organization that depends on them, and may cause its reputation to be affected.

11.4 Communication

Communication can be a very good thing for some organizations, yet it can be a very bad thing for others.

The CEO and their team should work on keeping the public and employees informed of an organization's success. Too often, employees are unaware. Most times, they will hear of their employer's success through other sources, rather than from those who are expected to share the good news internally. Whenever this happens, employees feel that they are not a part of the organization.

Some of the communication through the employee grapevine may be good and accurate. However, it may also be poor and aid in the destruction of the organization. People who feel they are not getting correct information may begin to spread inaccurate stuff, which may spread like wildfire.

The organization must not wait for such an event to occur before taking action. The CEO must take the lead and be an effective communicator to the entire organization. They must also encourage all senior officers to take a similar approach to keep employees informed of the organization's success and failure.

Some organizations are having financial failures, but choose not to inform the employees. When the employees learn about that situation, their reactions may cause more harm to the organization. There are times when sensitive information cannot be shared with all employees, but on other occasions, employees must hear important facts from their direct internal supervising officers.

The success or failure of an organization may attract public attention. Some persons in the public sphere will take the liberty of spreading inaccurate information about the organization. That action by one person may soon escalate, and many other persons may join and intensify the message shared by that one individual, without first ascertaining the facts. During this time, the CEO may live through all the poor publicity. They must also work on a communication strategy to combat such poor publicity by providing the truth.

Some organizations may attract political attention. For example, a political party that may feel that the organization is in partnership with other political parties. Often, those perceptions have no basis, but continue to hurt the reputation of the organization. The CEO will have to find ways of providing the various stakeholders, including the press, with information that will help to reduce or eliminate such attraction.

Miscommunication, too, often happens among employees and other stakeholders. They sometimes feel that they must share their miscommunication with whoever will listen. This can further hurt the reputation of the organization.

11.5 Technology Failures

Sometimes, the technology an organization uses fails suddenly. Some of these failures may have an adverse impact on organizational performance and reputation.

You may or may not receive advance warning of failures. They may occur for reasons including, but not limited to, human errors, poor electricity supply, manufacturer's defects, and inadequate maintenance. They may result in damage or slow systems.

Whatever the cause of the technology failure, it will impact the organization. The failure may occur at a time when the organization can least afford to have such a setback. It can happen in the middle of preparing a report or project for a customer that is time-sensitive. If the failure is not rectified in a timely manner, the customer may be forced to look at other alternatives and may never return to that organization to conduct business.

Technology failure may have a domino effect. The CEO will have to give a report or answer to stakeholders (probably shareholders) about the failure. Many of the questions they receive may be out of their control of the organization. There are times when the CEO may have the correct answers, but other issues may be discussed at the meeting that may make the CEO uncomfortable.

11.6 Insufficient Finances

Many organizations like to have all the funds they need at the time they need them. That may not always be possible, as money can be a scarce resource, even for large companies.

It may be surprising to some persons, but large organizations are surviving on borrowed money. It may be that they choose to borrow funds, or it may be that they do not have the funds needed. Many countries also borrow monies in order to take care of their financial challenges.

Borrowing money is not a crime! If a country or organization fails to repay, however, it may need respond to the legal challenges from the courts. Monies borrowed must be repaid, unless there is a debt write-off.

With some of the projects the CEO may want to engage in, there may be a need to borrow. They must be very careful when deciding to do so. Many factors must be considered, including the interest rate, repayment schedule, security needed, and monthly instalments, whether to opt for reducing or straight-line balance repayment, etc. On some occasions, the CEO may have to depend on a financial expert in or outside of the organization to provide the necessary guidance.

There may be times when the economy may be faced with a recession. The CEO must find ways of enabling the organization to survive the recession period and of keeping it active. They may not have answers to all of the challenges the organization will face during that time, but must be able to find a team that can think and deliver strategic solutions. If the CEO thinks that all solutions rest with them, the organization may fail.

Financial challenges may not always be solved by one person, but may require many persons to put their ideas together for the betterment of the organization. In times of financial challenges, the management team of the organization must be close-knit, be open to ideas and probably be committed to meeting regularly to review strategies. The CEO is expected to lead the way, by helping the team to have focus and the organization to rebound.

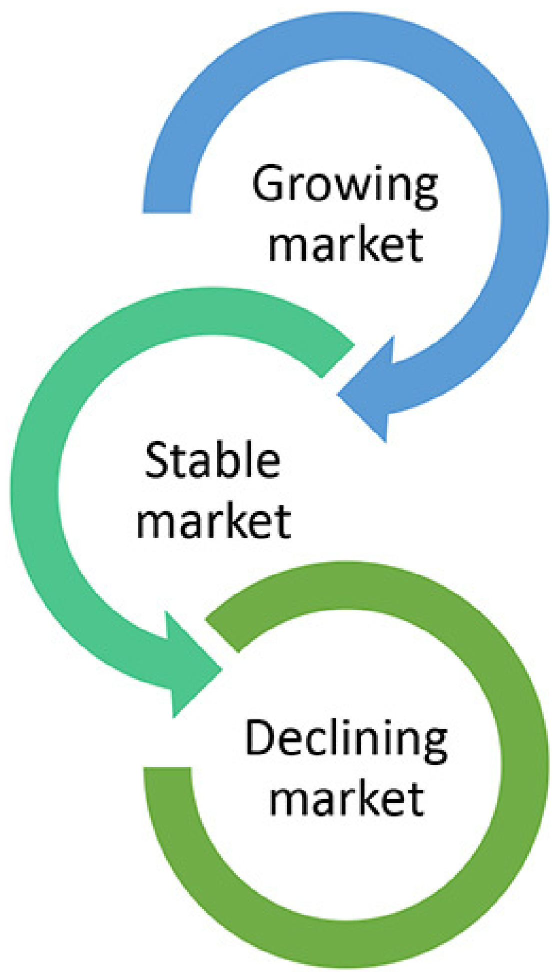
Organizations may have financial challenges due to poor money management, poor internal control, pilfering, increases in the cost of materials and labor, etc. While these are more internal financial matters, the CEO must find ways of addressing them quickly, since they can escalate, and harm the organization even further.

11.7 Market Problems (Loss of Customers, Increases in Competition, and Substitutions)

No organization is immune to challenges! Some challenges are predictable, while others are sudden and harmful. Most organizations will prepare their budgets with the expectation that the market will remain consistent, grow or decline slightly.

Decisions about the market may be made from statistics or estimates.

Figure 33. Phases a market may go through



The market will not go through all these phases at the same time.

Many organizations will be happier when the market grows or least remains stable. A declining market can create panic and may cause some organizations to be closed. When the market is declining, customers leave or switch to substitutes.

When a customer switches, it will impact an organization's revenue. If the customer is a large one, this may lead to many financial challenges for that organization.

The declining market can cause many organizations to change direction or cease operations, and the CEO may have to provide answers to the question of what can be done to keep the organization alive. If the CEO is unable to find a strategy and answers for the future of the organization, then he or she may be asked why the organization should continue his or her contract. Its poor performance may prompt the decision to let him or her go. That can be a challenging situation for any CEO, but his or her guiding principle must be to look only at ways to accomplish success, despite internal and external challenges.

11.8 Family and Interpersonal Challenges

Some people do not remember that CEOs are people too. They will have their own challenges to address and may have to do so without the benefit of outside advice or counselling. Many persons may be of the belief that a CEO's life is in order because they are at work. That is far from the truth. All CEOs will have their interpersonal problems, and will need to find ways of dealing with those problems before they escalate and create career costs.

The money a CEO works for may not be able to fix all of their challenges. When they are having a dispute at home, they cannot isolate themselves from it, but must find a way of resolving or enduring it. They may also have a child who is sick or impaired. Difficulties like these should not stop the CEO from performing their professional duties.

Persons are of the belief that a CEO who spends a lot of time at work is always happy to be in the office for longer periods than other employees. That may not be true, but the CEO may seek refuge in the work, in order to calm their nerves when they are experiencing interpersonal challenges.

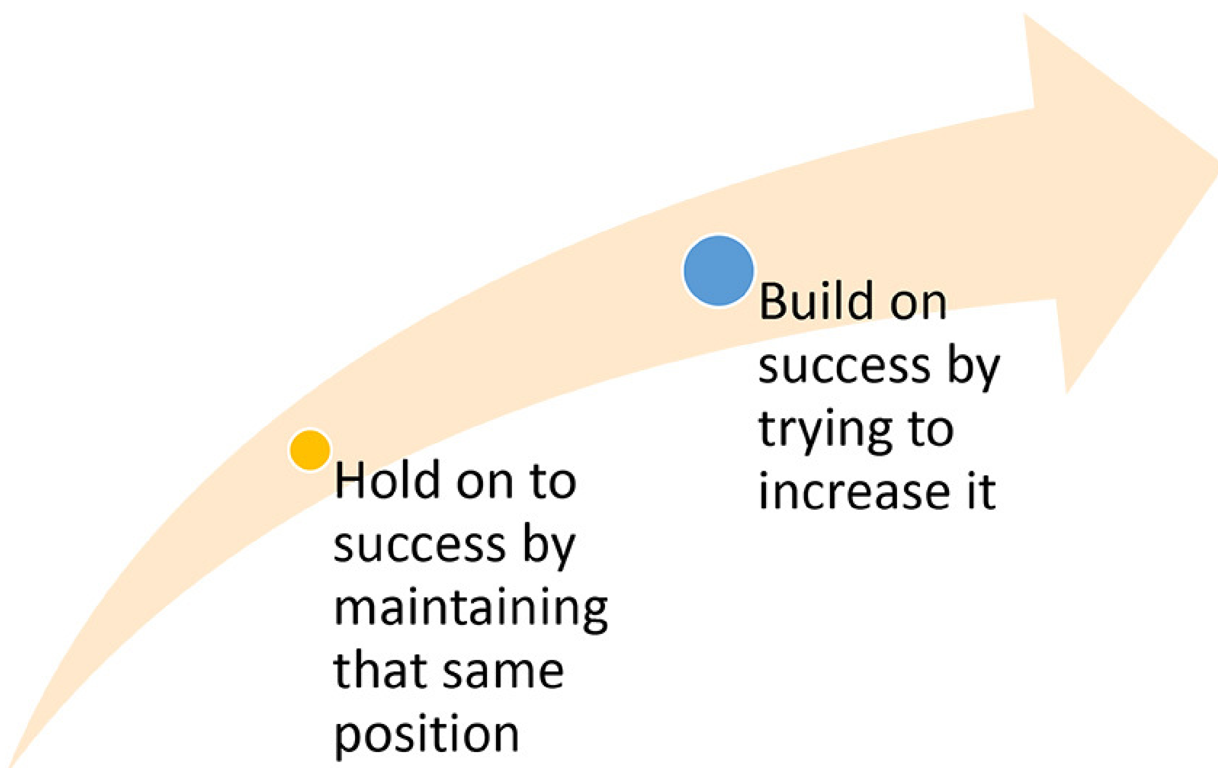
Not every CEO will be able to focus in difficult moments, since they were not built for such situations. Those who are able make it through the bumpy patches in life, remain focused, and drive their organizations towards success may brand themselves as leaders. Leaders are not born, but develop through facing complicated situations.

12. Staying Focused During Your Success

Some persons may be able to find ways of dealing with failure. However, not everyone may be capable of handling success. While success may be the reward for their hard work, some are unable to adjust to it and may do things that will cause them to fail. As you look around your society, you may hear stories of struggling organizations, but the CEO must remain focus during the time of success, as there may be more opportunities to help grow the organization.

Someone who has faced failure for a prolonged period will require a new approach in order to operate with success. This means that you cannot have the same mindset or use the same tools that you fought failure with during your time of success.

Figure 34. Guarding success



Success may not be a daily occurrence. It does not come to everyone's door. Therefore, keep it when it comes, since it is looking for someone who needs it the most!

Many organizations dream about success and sometimes make great plans for it, but when it comes, they may not even recognize it or treat it in a manner that will cause it to stay. It may be like a marriage. You may be able to pass from courtship into marriage, but when you are married to the person of your dreams, what do you have to do to keep that person, in a manner that makes you want to be with them every day? Each married person will have to find their own solution to their marriage.

12.1 Remain Humble

Too many persons begin to operate strangely as soon as they pass from failure to success, leading many of their friends to say, “they have become rich and switched”.

It is important that you remain calm and humble once success comes your way. When this approach is taken, you have more time to be focused and do not have to spend as much fighting naysayers you have brought down on yourself with your attitude.

Staying focused is a very important thing for all CEOs. Some CEOs change suddenly, and that change is for the worse. Many of their friends try to share views that will help them, but suddenly they cannot listen to their friends, who were there with them in their struggle.

It is important to keep some of the friends who were there with you during your difficult moments, as they may help you to keep your feet on the ground and keep your head on straight. It is also important that you have some new friends. However, the new friends and associates must be persons that allow you and the organization to grow.

The skill of choosing friends is very important at this stage. Not everyone who associates with you may be thinking of your success. Some may want to be close to you so that, if you fail once again, they will be able to take over your organization. Not everyone is happy when you, as the CEO, become successful. Some want to know why they are not in the same situation.

Humility can give you the opportunity to hear and learn from any of your employees. As you move along, you may need to hear from some persons who occupy very low positions, as they may be honest with you and may be more likely inform you of important things, compared to those who see what you are about to let fall off your radar and will not warn you about it.

People in positions of low esteem may be so excited to share in your success that they will do many things to ensure it. You will need many of those persons around you so that you will remain humble and focused.

12.2 Avoid Sharing Important Secrets

Not everything you know must be shared with everyone! Some information is for you and you alone.

There will be many persons who will want to know how you addressed a particular situation and how you became successful. You might be able to share some information with them, but do not share it all. Avoid sharing much with your competitors and enemies, who may become numerous.

Some persons will befriend you in order to learn your secrets. They may even send spies to report on you, or give you gifts and be very gentle towards you. Look out for them and keep your distance from them, not because you hate people, but because not everyone has your best interest at heart.

The pain you have felt on the way to success may not be the same pain that others have felt. The reasons for your sleeplessness nights and embarrassments may not be the same as theirs. When you become successful, you have to guard against the pitfalls you have encountered previously. Know your limits and stay within them, as there may be a fine line between success and failure. Many persons change their course and step onto the path to failure without even recognizing it. That must not be you, since you have worked too hard for your success as a CEO!

A CEO must always be on the alert for those persons who have something strange about them and may not be genuine. A CEO must remain focused during their time of success, since failure is waiting to take its turn once again!

12.3 Avoid Waste

Success has different effects on CEOs. Some can remain humble in spite of it, while there are others who cannot be stable.

Those in the latter category may find that their lifestyles change drastically, and they lose the intention to remain focused on their goals. Some may begin to get involved in activities that contribute to waste. These are just a few of the wasteful behaviors they may engage in:

- Going places, they do not need to go.
- Purchasing items, they do not need.
- Choosing foods that are not healthy.
- Consuming beverages that will not keep them stable.
- Changing vehicles regularly, while their existing one is in good working condition.
- Buying expensive clothing.
- Damaging the organization's assets.
- Procuring expensive items that may not be the best choice for the organization.

This list could continue. However, the successful leader must avoid such waste, since there is a financial and resource cost attached to it. Some of the wastage may also contribute to environmental issues.

An increase in success should not cause a person to change totally. Some shifts may be necessary, but all aspects of your life must not change. It is very important for you to stay focused during your success. You must be a good example to everyone watching, and demonstrate to them that you do not have to be engaged in wastage in order to let people know you are successful.

When you act, you are teaching other potential CEOs to operate like you. Your success must convince others to be like you, but you must not knowingly waste resources.

It is also important that you, as a CEO, look at areas within your organization where there may be waste and try to reduce it to the extent that it is eventually eradicated. You must be a good example wherever you go, so that others may follow. The world needs good leaders who are willing to teach others to do the right thing.

From an organizational point of view, reducing waste may require some changes to technology and retraining of persons, but such investment may pay great dividends in the future. When waste is avoided, profits can be increased. On a personal level, when you avoid waste, your disposable income will increase, and the environment may benefit from your actions.

12.4 Keep a Reserve

As a leader, you must be able to keep a reserve. When success is flowing your way, you cannot afford to waste opportunities. You must build on what you have!

An ant stores up food and builds its nest during the good days, so that when it rains, there is shelter and food. CEOs can follow the ant's example, and make preparations for leaner days.

Too many CEOs are caught in the moment of success and forget that not all days will be the same. Keeping a reserve is important. Sometimes much work must be done during the summer season, so that there are comforts in the winter season.

Everyone occupying a CEO's position must know that they have to plan ahead of time. When you use your initiative and prepare for the future, you will help to cushion the organization from challenges that might otherwise destroy it. Many great CEOs are known because they did not fall when challenges arose, having had reserves to take them comfortably into the future.

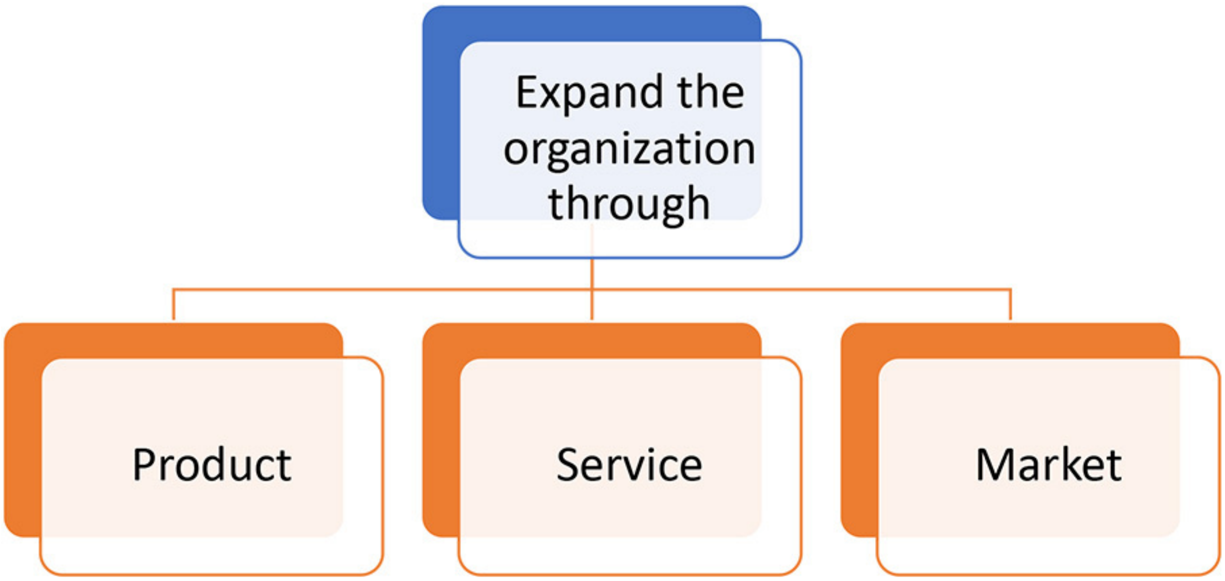
Every CEO must stay focused during success. During success, you may have time to think of good strategies and to use excess resources to position your organization well. Strategic leaders are expected to be futuristic, and not be overwhelmed by the daily challenges of life.

12.5 Seek to Expand

You must seek to expand your operation or organization. While good days are at your door, use that important moment to grow as an organization. It might be important to look for new markets and new products. Grow the organization through every possible legal means there is.

Many customers and employees are looking for growing organizations to give their loyalty to. Customers like to see new things and expansion. Since this is their view, and you can meet it without hurting your organization, then proceed and expand when you can.

Figure 35. Expanding the organization to meet customer needs



12.5.1 Product

The organization can choose to expand through the products it offers to customers. Many customers are looking for another product or modification to a product that they love. The CEO, along with the management team, must make some effort to improve products so that they will be able to attract more customers, and probably new customers.

The CEO must stay focused and help with new ideas for developing the products.

12.5.2 Service

Giving customers great service might be able to help your organization keep them and attract others. Almost everyone will be happy to have quality service.

As CEO, you can help to expand the organization by improving its service delivery. That may require some amount of employee training delivered by external professionals, but it will be worth the cost. When the service meets customers' expectations, they may help the organization through personal marketing, which can spur quick growth. A personal testimony by a customer can make a big difference in convincing other potential customers.

12.5.3 Market

Expand the organization through new markets. The existing market may become saturated and new ones may be needed. The CEO and team must find new markets. If those are unavailable, they can consider market penetration (ACCA P5, 2010). This strategy will allow the organization to use the same product in the same market, but find new ways of enticing customers to purchase the product or service.

During the good and bad days, the CEO must look for opportunities to expand the organization. The organization will grow if the CEO and team have a passion for growth. Therefore, every CEO must have a desire to make a lasting impact on their organization. That impact must be spoken of for many years after, by many persons near and far.

Success sometimes only comes once. Therefore, you must grab it with both hands, and keep it there with you and probably pass it on to your children, the organization, your nation, etc. When you are successful and remain focused, you may be that person that helps many others to find new focus in life.

13. Duplicating Yourself

Do you know that you may not be a CEO forever? Do you also know that you will not live forever?

If you care about your organization and its future success, it may be time to consider letting others become as good as you are. It may hurt you to let go of your position, but you will not be on this earth forever. The earlier you are willing to duplicate yourself for this prestigious leadership position, the better you will become at nurturing others and helping them deliver a performance as good as, or even better than, yours.

To reach the heights you are currently at may not be easy for other emerging leaders, but they will have to make the climb if they want to succeed you as CEO.

It is important that you do not deliberately place stumbling blocks in the paths of other emerging leaders. You must remember that if you do that, you will be destroying the future of the organization, and not only those of possible successors. If the organization is destroyed shortly after you leave office, then others may perceive that you were not a good leader. Therefore, allow others to become as good as you are, or even better. It may be time to hold the hands of other persons and teach them what they need to know for this new position.

13.1 Succession Planning

The choice of persons to take over the reins as CEO must never be based on factors that do not associate them with quality leadership. Too often, persons are selected because of family connections, political affiliations, old school friendships, etc. Picking candidates this way may not allow the organization to have a new leader who will work in the best interest of the organization. The primary objective of selecting someone is to allow the organization to grow. Once you sever ties with the organization, you must not be directing it unless your service is being asked for. Sometimes it is good to stand back and see others perform very well.

The task of finding other persons who can duplicate your skills is not always easy. Some persons may have the right knowledge, but lack the exposure. Others may have the exposure but lack the knowledge. There may be others that have both knowledge and exposure, but do not have a vision or people skills. One cannot take a textbook approach to leading an organization. Doing so requires much innovation, quick thinking, quick action, etc. An emerging leader must show signs that he or she has some of the requisite competence to make it to the top of the organization.

Those that are in the leadership of the organization must start to identify potential persons that have the ability to become the new CEO. Finding these people is not something that can be done overnight. It requires leaders to exercise careful thought.

Several internal and external tests may have to be conducted in order to find an emerging leader. Some of the tests may not be based on standard logic, but rather on assessing how a person handles the many different scenarios that may occur during their work within or outside of the organization. Some emerging leaders do not recognize that people are constantly looking at their actions, behavior and knowledge while they occupy a junior position, and begin to see certain leadership qualities in them. If you want to become another great leader, it is important that that you start learning and adapting to changes at an early stage, so that when it is time for selection and transition you will become the premier candidate in the minds of all the assessors. You have work to do in order to create that sense of ease, and you must do so now, since tomorrow may be too late.

Succession planning refers to the process of identifying and tracking high-potential employees (Noe et al., 2015). To aid in this process, an employer should facilitate employee development. Such development is particularly important for a successor to the CEO.

Table 13. Employer approaches to encouraging an employee to embrace changes

Term	Explanation
Job enlargement	Adding challenges or new responsibilities to an employee's current job.
Job rotation	The process of systematically moving a single individual from one job to another over the course of time. The job assignments may be in various functional areas of the company, or movement may be between jobs in a single functional area or development
Job enrichment	One of the major interventions aimed at reducing job dissatisfaction by increasing job complexity
Transfer	The movement of an employee to a different job assignment in a different area of the company
Temporary assignment	Job tryouts such as employees taking on a position to help them determine if they are interested in working in a new role.
Succession planning	The identification and tracking of high-potential employees capable of filing higher-level managerial positions

(Extract from Noe et al., 2015)

13.2 Mentorship

Once a successor has been identified, work must begin to help that person to understand their future role and to adequately prepare them for it. Mentoring may be an important approach to use in such preparation.

"Mentoring and coaching are similar approaches in that they are both about one individual (coach or mentor) helping another. In common language, we may even equate the two, but there are important differences. A mentor is usually someone who has particularly relevant experience, knowledge, or skills, and may be more senior than the person being mentored. The relationship is often specific to a period of transition as someone enters a new role or takes on new responsibilities that are within the mentor's own experience" (Nicholson and Baker, 2013).

Some organizations fail because they have not taken the time to help duplicate the existing CEO and leader. Thy might have believed the current occupant would be in that role forever.

“Most mentoring relationships develop informally as a result of interests or values shared by the mentor and the protégé. Mentoring relationships can also develop as part of a formal mentoring program, that is, a planned company effort to bring together successful senior employees with less experienced employees” (Noe et al., 2015).

An organization that wants to duplicate its CEO ought to be strategic in timing the start of a mentorship program. Finding a new leader ought not to be left to the last moment, in case the company is unexpectedly faced with the injury, death, the sudden resignation of a CEO, and does not have time to prepare a candidate. Too often, organizations fail because there was not enough time for them to successfully transition between the existing CEO and the emerging CEO.

A formal school system will never be able to teach you all that you are required to know as a CEO. The earlier you spend quality time with the existing CEO, the more likely it may be that you will develop some of the essentials skills and knowledge needed for that interesting position. As an emerging leader, you will have to make some adjustments to yourself and your way of operating. You must not lose your identity, since you were uniquely created, but you must make some essential changes which will help you to enhance your performance and to become effective in your new position. With timely and strategic shifts, you may be able to fill that new post while others are struggling. The existing CEO must take care of your growth and not leave all the burden of learning to you as the emerging leader. Proper guidance will be necessary so that you can minimize some potential mistakes.

Table 14. Characteristics of a successful formal mentoring program

Item #	Example
1	Mentor and protégé participation are voluntary. The relationship can be ended at any time without fear of punishment
2	The mentor-protégé matching process does not limit the ability of informal relationships to develop. For example, a mentor pool can be established to allow protégés to choose from a variety of qualified mentors
3	Mentors are chosen on the basis of their past record in developing employees, willingness to serve as a mentor, and evidence of positive coaching, communication, and listening skills
4	Mentor-protégé matching is based on how the mentor's skills can help meet the protégé's needs
5	The purpose of the program is clearly understood. Projects and activities that the mentor and protégé are expected to complete specified
6	The length of the program is specified. Mentor and protégé are encouraged to pursue the relationship beyond the formal period
7	A minimum level of contact between the mentor and protégé is specified. Mentors and protégés need to determine when they will meet, how often, and how they will communicate outside the meetings
8	Protégés are encouraged to contact one another to discuss problems and share successes
9	The mentor program is evaluated. Interviews with mentors and protégés give immediate feedback regarding specific areas of dissatisfaction. Surveys gather more detailed information regarding the benefits received from participating in the program
10	Employee development is rewarded, which signals to managers that mentoring and other development activities are worth their time and effort

(Extracted from Noe et al., 2015)

13.3 Coaching

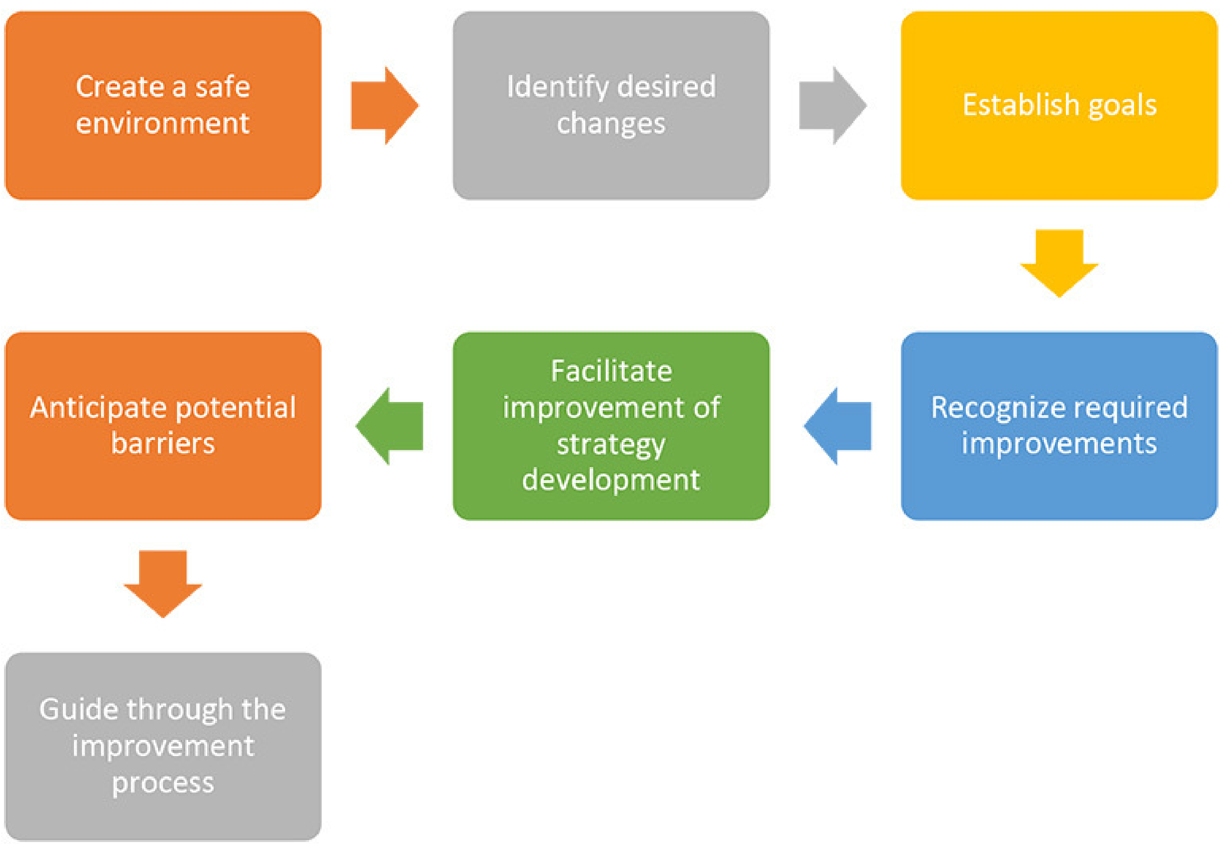
While it is expected that most CEOs will be able to nurture emerging leaders, not all will be able to do so.

Many emerging leaders may have the passion required, but may lack some basic skills and knowledge, and may need someone to guide them through this important phase of their professional lives. Once they receive such coaching, they will develop the skills to become the next leader, and probably have the ability to surpass their predecessors. It is often good to see new leaders becoming better as they have opportunities to learn both the good and bad things from their predecessors. What they must carefully do is to avoid the bad things and build on the good.

"Coaching is a key leadership skill that can help leaders improve the bench strength of the group, which in turn should help the group accomplish its goal. Because of its role in development, coaching can help to retain high-quality followers" (Noe et al., 2015).

Below, are the coaching steps that will help any emerging leader to do the right things and to become better.

Figure 36. Coaching steps



(Extract from Nicholson and Baker, 2013.)

"Coaching can be an extremely powerful tool and is a great way to empower other people. Coaches apply the benefit of their knowledge and skills to the service of developing an individual or a team for general or specific skills" (Nicholson and Baker, 2013).

13.4 Performance Evaluation

Once an emerging leader goes through many developmental sessions, it will be time to evaluate them in order to determine what they have learned. Too often, it is believed that because persons undergo a training session, they are ready to take on the new task. That is not always so; since some persons fail after learning about the requirements for the job.

Some jobs sound simple from the outside, but when you are provided with details of what is required, then you may recognize that the job that you were interested in will not help you build your intended future. In those cases, there may be a need to quit them early.

It is very important for performance evaluation to be done for anyone who has been provided with an opportunity to develop. Sometimes that evaluation may be formal, and other times it may be based on observation. Whatever form it takes, the persons who are being assessed must meet certain key requirements during their training periods.

Sometimes, emerging leaders may think to themselves that since they have been trained, they do not need to make any special effort, as the new post has their name on it. That attitude sometimes causes persons to fail in the beginning. Remember, if you plan to be the duplicate of your leader, then you must be able to learn as much as you can, and even indicate that you are able to take over this new position by tomorrow. You must show your level of enthusiasm by wanting to do better than your predecessor.

Even the board of directors' performance ought to be evaluated. The future of an organization cannot be left to the chance that the emerging leader knows and understands many of the things taught. Evaluating performance is never intended to embarrass anyone, but to provide an update on their progress. Some persons are very quick to learn during training sessions, while others will take longer.

However, if anyone is to duplicate the CEO, then they ought to know some important things and be ready to take on that new position. There is so much that training can do, but the trainee must be prepared to deliver when the need arises. The earlier the trainee passes the performance evaluation, the more certain the current CEO can be that it is time to hand over the reins, as the trainee is reasonably well prepared to steer the ship in the right direction.

Most CEOs, like captains, will like to know that the person who is taking over the team can continue the successes that have occurred, and even better an organization's performance. It often brings much joy to their hearts to see the organization continue to do well.

13.5 A Well-Liked, Good and Faithful Leader

As a CEO, you will want to leave your organization in a stable position, one in which it has the potential to grow. After all of your efforts and years of working for that organization, you must feel a sense of joy that you have done a commendable job and provided an example that others can follow.

Working hard towards success must end with success, or at least, near-success! The efforts made and encouraged by a leader must not be in vain. Your contributions to your organization ought to be spoken about by many persons and for many years, since you did a good job.

Even when you leave the organization, persons will still meet with you and remind you of your progress with the organization. You can give them good things to speak about, but you must start by doing the right and important things.

Do not be afraid to leave the organization when your stay has come to an end, even if it was just for a few days. You must know that your contributions have helped the organization. While not everyone will be appreciative of them, you must be satisfied that you have done that which is correct and that the organization is in a better position than when you took over the reins as CEO. Your last days at the organization must be known for the good things, and you yourself must leave with a sense of gratitude, knowing that you tried to help the organization improve and employees are better because of your input.

If your contributions were good, employees will be willing to host an emotional farewell for you. When employees love your contributions, they may not mind spending a few dollars, to give you a proper send-off, since you have had a positive impact on their lives. Some of the things you have done for them might have also positively affected their families. In some homes, you will be known as a good CEO who helped them to grow.

If your intention was not to looking after yourself but help others and the organization, then people will still want to associate with you, even after you have left. Your good reputation must speak volumes about you and must become a new standard that many others want to adopt quickly. People must also speak well about you at various forums, and when you have left the organization, they must mention that if you were here, then things would be better.

As the CEO, always leave the organization in a good position. You may not always be loved by everyone, but you must do the correct thing, so your departure will be peaceful for you and your family.

Thank you for all you have done as a CEO! May your latter days be good.

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About the Author

After being elevated to the position of Chief Executive Officer, many persons do not know the key areas that they must focus on. Some of them may be a specialist in one area but experience difficulties when addressing matters outside their areas of specialization. However, those challenges will be overcome, as Geary Reid shares some important information from a practical and academic standpoint that will help many CEOs to become great leaders in their positions.

A person does not have to possess great academics in order to become a CEO. However, they must not neglect to increase their knowledge and exposure to academic learning, since this will help them to manage persons who are academically inclined to make technical decisions that are not based on yesterday's learning or on emotions. Not every decision made by the CEO will make persons comfortable, but the CEO must make these decisions to help the organization to grow.