

ENABLING NEW CEO SUCCESS

AN EKS CASE STUDY

Situation Analysis

The management of a financial institution was being restructured following a regulatory audit. The audit had uncovered serious deficiencies in systems and practices and departures from requisite standards of business conduct, including inadequately secured loans to related parties.

A highly regarded and experienced industry executive was brought in by the Board of Directors as the new CEO to lead the turn-around. In a politically charged and chaotic environment, the new CEO needed to rapidly assess the circumstances and staff, develop and implement a plan for remedial action, rebuild morale and create support and consensus within the organization, and communicate findings and progress to impatient directors and critical regulators.

Desired Outcome

The new CEO's objectives were to restore board confidence, stem losses and rebuild shareholder value, avoid adverse regulatory intervention, and establish and institutionalize practices and standards of business conduct would preclude a recurrence of the problems in the future.

Intervention

Over five weeks, a small consulting team utilized the EnCompass® Organizational Process Mapping software to gather crucial data, aggregate it and generate detailed organizational process maps to give the new CEO the insight he needed to accomplish his objectives.

With EnCompass' web-based, easy survey-style data collection instrument, the consultant team captured and integrated information about key decision-making and task-execution processes. EnCompass produced maps of the organizational processes that revealed ineffective processes and illustrated the level of impact that individuals and organizational elements had on key issues or processes.

The results clarified the sources and channels of information used by key decision makers, and the mechanisms for implementing and validating compliance with decisions. Key findings included:

- a general lack of clarity with regard to key processes
- inter-departmental interfaces that were dysfunctional
- information systems that were not aligned to requisite business practices and organizational processes
- top management visibility and control was compromised by the existence of a parochial network of managers with financial decision authority

The consultant team facilitated working sessions with executive teams where the EnCompass results were used to interactively analyze differences and to develop a consensus on a "contract for change". This contract involved restructuring both the organization and systems as well as selective changes in staff. EnCompass was used throughout the change process to monitor and gauge progress and individual compliance with the plan.

Results

In less than a year, the CEO and his management team were able to return the financial institution to profitability. The erosion of the client base was stemmed, and morale, as measured by employee turnover, had improved dramatically. The institution passed its next regulatory audit, and a plan for growth through acquisition was launched.

