Lead Left Interview – Ted Bililies

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This week we chat with Ted Bililies, Managing Director and Chief Talent Officer for AlixPartners. Ted is a Harvard-trained clinical psychologist with decades of experience in leadership and organization development. Though known originally as a restructuring firm, AlixPartners has grown over the last 35 years into a global consulting firm that specializes in whole company transformation.

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The Lead Left: Ted, thanks for making time for us. You've been an expert on leadership issues, especially in investment firms, for a long time. What noteworthy trends are you seeing today?

Ted Bililies: Thanks, Randy. It's great to have the opportunity to speak with you again. In taking the long view — meaning ten years or more — regarding the private equity and investing world, we've gone about as far as we can go with financial engineering to drive returns. Back then, you could do a lot of balance sheet maneuvering, but now it's all about operational efficiencies to create value.

Smack in the middle of this operational equation is the pivotal issue of management. You need a world-class management team to get great returns. It's all about selecting the best team and reinforcing the best culture to create the optimal organization and, hence, the best outcomes for your investment.

TLL: So people really matter.

TB: Yes, people matter. Leadership talent is critical, as is having the right kind of fit – both in terms of roles and organizational structure. To meet your goals you need to get the right alignment of the management team to those goals. And you need to support the right behaviors with the right reinforcement; rewards for the right kind of behaviors. That's where the CEO comes in. He or she needs to recognize which behaviors are the right ones, and reward them.

TLL: Do you find the private equity sponsors you work with are effective in committing to those goals?

TB: We start with the investment thesis and come up with a roster of decisions. Who's responsible for what decision? We start with that. Then we perform a comprehensive talent assessment, both pre-close and post-close. We ask, what's the organization need to look like in five years?

The human capital equation has become more complex. It's not just about finding a great CEO. There also needs to be a strong working relationship between the CEO and the board. The CEO, the management team, and the board all need to be aligned with the investment thesis. There needs to be a healthy, two-way relationship, with reasonably aligned expectations and a tolerance for conflicting ideas. Many CEOs and their boards never review, in any purposeful way, their expectations and not a few CEOs have been lost early because of it.

TLL: What are things you want your CEO to do? What are the desirable traits?

TB: One of the first characteristics that's critical for the CEO is to be a talent agent. They need to have a nose for talent. My favorite question of CEOs when they are reviewing their team with me is: What is this employee's highest and best use for the company? Not what they've always done, or even what they say they want to do, but what does the CEO see as his or her highest and best use? Then working with the CEO to position the employee accordingly. Second, I'd say the common cold of leadership is lack of clarity. We work with CEOs to make sure that the key roles are crystal clear and that outcomes are measurable and attainable – and mutually understood. That also means that performance criteria are clearly laid out. It's not just about personalities.

The third desirable trait needs to be a sensitivity to culture. This element has proven to be a very important issue over the past few years, as demonstrated by the frequency of headlines about various companies that have not managed their cultures well. There's a clear pattern in well-managed companies where the power of the right kind of culture can truly harness and multiply the power and performance of the company.

TLL: What about the inclination of some CEOs to not distribute their authority?

TB: That's my fourth core trait for successful executives. Optimal CEOs want everyone on the team to be well-networked and, yes, *empowered*. The trend is to have flatter organizational structures, not hierarchical. The ideal is for the CEO to empower everybody to be a leader, and for people to genuinely feel that. Otherwise, you'll have trouble hanging on to ambitious talent.

TLL: Ted, what about training? Do you do executive coaching?

TB: Absolutely. Some things are teachable, some are not. For example, it's important to understand that you can't teach strategic thinking. But you can teach someone to learn how to expand their network and develop their management teams. They need to know how to manage more people. There's a tool kit. A big part of that tool kit is dealing with talent.

TLL: And dealing with change!

TB: Yes. I've found that creating an effective environment for constructive feedback is crucial. Throwing a "360" (feedback tool) at an organization that's unprepared can do much more harm than good. But helping a firm create a feedback-rich culture has significant financial and non-financial benefits. You don't want people walking out the door. Employees – especially millennials – will go to the firm that gives them the most actionable feedback, i.e., opportunity to advance their careers; salary is secondary. Whether it's a small investment firm or large asset manager, coaching, feedback, and development is so important! Twenty-first century leadership is all about being able to motivate, inspire, and develop talent. That's how the best firms succeed.

TLL: I love that. Are there new management tools that have surfaced in the 21st century?

TB: Rather than respond to the question of specific tools, I'd say that the most important management question today is, 'Do you understand your millennials?' They work in a very different way than we do. They work hard, yes, but in a distinctly different way, with a different set of values than we did. Today's workplace needs to take their perspectives and values into account.

TLL: Could you give us an example of those values?

TB: Millennials want to see the connection between their effort and the impact they and the organization are having on clients and on society. CEOs need to be able to connect the dots for them. Communication is very important, not just to your clients, but to your employees as well.

TLL: Isn’t it difficult to talk about values these days for a financial service firm?

TB: Perhaps, but it’s essential to understand what those values are and to discuss them. The high-tech sector and Silicon Valley have been very successful at attracting young talent. Not so for Wall Street. Financial services needs to be more human and humane. We need to put a human face on the industry. What kind of culture you have affects and impacts both the inside of the organization and the outside world. For example, the concepts of giving back and the sustainability of your investments will really resonate with the next generation of leaders, e.g., millennials.

To be continued the week of May 8

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