

the
**PROUTY
PROJECT**

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www.proutyproject.com

Read'n Route To: _____

Return To: _____

"C" NOTE QUOTE:

"You can retrench, pull in your horns, protect the balance sheet, and preserve cash. Or you can realize that this is about humanity screaming for change."

● **If you know who said this quote**, please send an e-mail to kari.baltzer@proutyproject.com or call 952.942.2922 by **Friday, January 30**—one guess per individual. If we have more than one correct answer, we throw those names into a hat and draw the winner of a \$100 gift card.

And last issue's winner is ... Mike Joy, Airgas North Central, Inc., Chicago, IL
Mike knew that Mark Cuban, Mavericks owner, said the following: *"People don't realize how important culture and chemistry in the locker room are. When your star is the first to the gym and last to leave and treats everyone from the ballboys to the coach and the owner with the same high level of respect, the positive value to the team isn't measured with stats and can't be replaced."*

Congratulations Mike! Mike plans to donate his \$200 gift (remember? No one won the prize in newsletter 3, 2008) to Operation Homefront-Illinois, who provides emergency assistance and morale to our troops, to the families they leave behind, and to wounded warriors when they return home.



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Thank you Faith's Lodge!

Just as we partner with our clients to create their strategic plans in a comfortable, creative environment, "team Prouty" also goes offsite annually—with an external consultant—to help us create our strategic plan. This year, we will meet in the north woods of Wisconsin at a beautiful retreat spot called Faith's Lodge. Faith's Lodge (www.faithslodge.org) is dedicated to helping families face serious illness or the death of a child by refreshing their minds and spirits in a peaceful setting.



FAITH'S LODGE

a place where hope grows

Mixing up the Generals

All the recent talk about a "car czar," reminded me of an idea we pitched to a client three years ago: What if the CEOs of General Mills (Ken Powell), General Electric (Jeff Immelt), and General Motors (Rick Wagoner) swapped positions for five years. What would they each bring to their "new" company? What would they change? How would the business improve (or worsen)? How would they turn new year's **resolutions** into new year's **revolutions**?

Keep thinking, keep stretching, and have a wonderful 1st quarter,

jeff.prouty@proutyproject.com



● STRATEGIC PLANNING

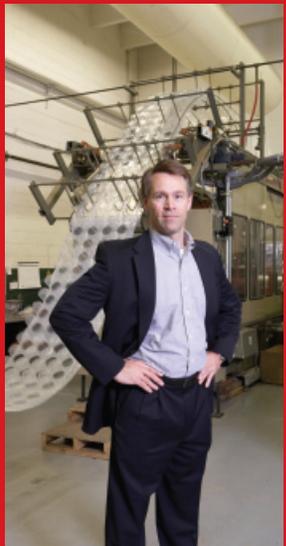
DIARY OF A BRAND NEW CEO



mike.felmlee@proutyproject.com

Article by
Mike Felmlee

Mike Vallafskey was named CEO of T.O. Plastics in January, 2008. T.O. Plastics is a subsidiary of Otter Tail Corporation, a well-diversified \$1.2 billion company. In November, we had the privilege of helping Mike and his senior leadership team create their next 3-year strategic plan.



We asked Mike to look through his CEO “diary” over the past year. Here are some of his excerpts:

As you look back, what did you learn from your personal and professional life experiences to prepare you for your role as CEO?

I am one of eight siblings. Thus, my work ethic has always been strong. In college I played both football and track and held a full-time job as a dock worker at Overnight Transportation Company. It took a lot of discipline to keep all these balls in the air but I can honestly say I enjoyed it.

My first job in the plastics industry was as general manager of a really small manufacturing facility, which meant I ran the operation, processed payroll, and even filled in for our receptionist at times.

What did you do during your first six months as a brand new CEO?

No question, the first six months were a little overwhelming at times. Thus, I focused my time in three areas:

- ① Building a solid management team.
- ② Being visible with our employees and gaining an understanding of the nuances of the organization. I listened a lot.
- ③ Creating a new strategic direction for the organization.

We’ve had other CEOs mention how lonely it is at the top. Have you found this to be true and what have you done to deal with this?

I’ve always maintained an open-door policy and experienced a steady flow of employees in my office. When I was named CEO I noticed the traffic slowed way down. This surprised me and reaffirmed the need to be visible. I started walking the plant floor the very next day.

What have been the toughest challenges you’ve faced so far?

Changing our culture has been the most difficult challenge for me so far. Keep in mind I was asked to lead an already successful company with many long time employees and very little turnover.

Convincing my colleagues that the changes we need to make are positive and will benefit us in the long run has taken much longer than I anticipated.

Being a CEO is a demanding job, what are you doing to keep yourself physically and mentally sharp?

I love to exercise every day after work as it helps me reflect on the day and release stress. I also like to read and I rotate a good mystery novel with a business book.

Any words of wisdom for other brand new CEOs out there?

Here are five lessons I’ve learned in my first year as CEO:

- ① **Be a realist.** Look at things for what they are, not for what you would like them to be.
- ② **This is not a popularity contest.** You will make decisions that affect the livelihood of your employees. You have to put the needs of the business first.
- ③ **Eliminate the word “can’t” from your colleagues’ vocabulary.** Continually using the word “can’t” is a death spiral when you’re trying to grow a company. Teach your colleagues to tell you how it **can** be done, not how it can’t be done.
- ④ **Follow your “gut” instinct.** Don’t be afraid to go with your “gut.” In fact, doing something and failing, then learning from it is what’s made us all successful.
- ⑤ **Family comes first.** Difficult as this may seem at times, you simply have to put your family first. I changed my view on this when my wife was diagnosed with breast cancer. Today, when I walk out of the office, I know I have a great group of talented colleagues who will make the right decisions in my absence.

Thank you Mike for sharing with us excerpts from your diary of a brand new CEO.

If you would like to compare notes from your CEO diary with Mike, you can reach him at mvallafskey@toplastics.com.



● ORGANIZATIONAL PERFORMANCE

SUCCESSFUL STRATEGIC AND CULTURAL INTEGRATIONS: STRETCHING M&A DUE DILIGENCE BEYOND THE NUMBERS



grayce.belvedere.young@proutyproject.com

Article by
Grayce Belvedere Young

How do C-level executives gauge the potential synergy of a merger or acquisition from both strategic and organizational performance viewpoints?

Given the economic realities of 2009, many businesses may find greater marketplace synergies by uniting to create a new strategy and direction as one entity. In our experience, M&A activities often focus on the financial due diligence and underestimate the strategic and cultural integration necessary to bring together two businesses.

Key strategic planning integration revolves around understanding “current state” of the respective businesses and determining the “future state” of the combined business. Outlining the strategic direction involves a clear and compelling message of the new business’s brand for the marketplace, customers, employees, and stakeholders.

The disheartening statistic is that nearly 80 percent of mergers fail, most notably due to people and cultural issues. This requires leaders to think and act differently during an M&A. Smart leadership teams will stretch their perspectives to see the potential in another company’s people and culture and blend the best of the best. More thoughtful planning to align business strategy with people, working processes, and culture will result in a faster ROI.

Organizational performance integration focuses on helping teams and individuals manage the change. Asking key questions in open, honest dialogues will help leaders think through the evolution from current to future state. Below are some sample questions for integrating sales organizations and products/services portfolios:

- **How do you thoughtfully and strategically integrate your two sales forces?**
- **What changes are needed in your selling processes to be most effective?**
- **How do you position offerings in such a way to maintain your current customer base while growing prospective customers?**
 - **What is the best combination of a product/service portfolio for today’s and tomorrow’s markets? How do you educate your sales team on the portfolio?**

As an integration example, I was able to help guide a healthcare company to integrate two different sales organizations. One had a “hunter” approach and the other a “farmer” approach. I helped them meld the two with a partnered, consultative approach to assessing customer needs and developing solutions together. Another experience was with a legal services firm that resulted in a “customer touchpoint” sales approach, which required new skills and tools for the sales team members (and revamped compensation plan).

Cultural Synergies Assessment. What if leaders could anticipate the most critical cultural, strategic, and operational synergies and disconnects similar to the examples described above? Imagine how that could influence their decision to acquire or not. Advance information might prevent painful discoveries after the fact or improve resource planning to support post-acquisition integration.

To help assess the “fit” of two merging organizations, consider the M&A/ Business Integration “Fit” tool from the Prouty Project’s strategic alliance partner, ON THE MARK (OTM).

This tool starts with a comparison of each company’s strategic positioning, product and service offering, competitive advantage and, most importantly, the customer experience. According to Mark LaScola, Managing Principal of OTM, “an early understanding of how each company treats its customer is critical because it’s a window into how each company operates.” The tool also compares the design of each company’s organization, from structures and management systems to compensation and cultural attributes.

The payoff? Better informed decisions during the due diligence phase and a more accurate picture of what leaders can expect, including the level of effort and resources it will take to properly integrate for attaining ROI.



Jammin' 2009

We are excited to unveil our **2009 Jammin' Session** schedule. These are high-energy, high-octane, high-interaction sessions designed to stretch your thinking about business and leadership strategy.

Pictured top to bottom: Beth Peterson, Grayce Belvedere Young, Jayna Wallace, Jeff Knack, Jeff Prouty; Joan Zilka (college intern), Kari Baltzer, Melissa Gennert, Mike Felmler, Peter Bailey

These **Jammin' Sessions** are held the first Tuesday of each month, from 7:30 a.m. to 9:00 a.m., in our *Creative Think Tank* or our *Strategic Leadership Lab*. The sessions are offered free of charge. Seating is limited, so we ask that you R.S.V.P. to kari.baltzer@proutyproject.com or 952.942.2922.

We look forward to seeing you in the New Year!

#131	January 6	Toxic Personalities: Transforming Their Systems of Power into Workplaces of Respectful Engagement and ROI! Dr. Mitchell Kusy, Organization Development Consultant; Professor of Ph.D. Program in Leadership & Change, Antioch University; and author
#132	February 3	The Inner Leadership Journey: Choosing to Learn from Mentors on the Margins of Society Tom Allen, Executive Director, City House
#133	March 3	Sabbaticals: A Hundred Reasons Not to Take Them (and a few benefits to consider) Rob Tautges, Officer, HLB Tautges Redpath, Ltd. CPAs
#134	April 7	The GEO Principle: God in Every Occupation means Purpose for Every Job ... Even Yours! Tom Bengtson, President, NFR Communications, Inc.
#135	May 5	From Help Desk to Boardroom: Using Metrics and Dashboards to Make Faster, Wiser Decisions Tim Brands, President, iBusiness Solutions
#136	June 2	The Moving Advant-EDGE™ Annie Kirschenmann, MS, ADTR, NCC, Certified Corporate Business Coach
#137	July 7	Restoring Broken Trust Through Next Generation Governance Bill Bojan, President and CEO, Integrated Governance Solutions, LLC
#138	August 4	Creating a Brighter Future for African Orphans through Education, Research and Business Development: A Brainstorm Scott Augustine MD, Board Chair, Peace House Africa; CEO, Augustine Biomedical + Design
#139	September 1	Bring Your Brand to Life—Through Your Employees Dan Day, President, Brandtender Marketing and Nadine Schissel, Founder and CEO, Experience Activation
#140	October 6	Using Information Technology (IT) for a Competitive Advantage Anita Cassidy, President and CEO, Strategic Computing Directions, Inc.
#141	November 3	Unnatural Causes ... Is Inequality Making Us Sick? Cindy Wilke, Director, Blue Cross Blue Shield of Minnesota
#142	December 1	SOMETHING TO LIVE FOR: Finding Your Way in the Second Half of Life Richard Leider, Founder, The Inventure Group; and bestselling author

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PLEASE LET US KNOW...

Call 952.942.2922 or e-mail stretch@proutyproject.com.

THANKS!