



The Changing Role of the CEO

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A tough economy and multiple business scandals have resulted in public demand for increased accountability and responsibility for all corporate leaders. Customers don't care if you are private or public; they just want to be sure you won't be the next Enron.

The world has changed dramatically over the past 10 years and caused many companies to re-examine their senior management teams. Have you got what it takes to meet the challenge?

The Economy has suffered, resulting in:

- Loss of corporate credibility and lack of confidence and loyalty from shareholders, customers and employees.
- Less capital available -Over \$ 3 trillion on sidelines, few opportunities for IPOs

Impact on your business:

- Slower sales cycles
- Increased focus on the ethics and behavior of CEO and executive team
- Cash is king
- Increased pressure to grow with fewer resources

The first step the CEO should take is to *set the ethical tone at the top.*

- Communicate goals and commitments to company, investors and customers
- Manage your business on a cash basis
- Focus on bottom line growth by leveraging existing customers and driving high margin business.
- Learn how to say no to bad deals.
- Decrease expenses by eliminating ineffective business processes and internal procedures and controls
- Ensure every employee understands that every action has an impact on the bottom line. And in turn their future

Technology continues to move forward resulting in:

- Proliferation of information
- Increased demand for privacy and security

Impact on your business:

- Customers require instant response time
- Employees need tools to help sort information and select the most relevant data
- Constant demand to upgrade equipment

The first step the CEO should take is to *assess the impact and identify potential risks*

- Set expectations up front with customers so they are not disappointed
- Revamp your security, privacy and document retention policies.
- Limit technology investments to solutions that:
 - Provide tools and business intelligence that increase the accuracy of results and projections
 - Improve profitability with informational excellence and the ability to streamline the decision making process
 - Improve your ability to respond to your customer

Government scrutiny has resulted in:

- Increased regulations such as the Sarbanes-Oxley Act, HIPAA and Reg FD
- The number of lawsuits is increasing and no sector is immune. According to a recent PWC study there were a record 483 shareholder suits in 2002 and more than two-thirds were in the non-technology sector

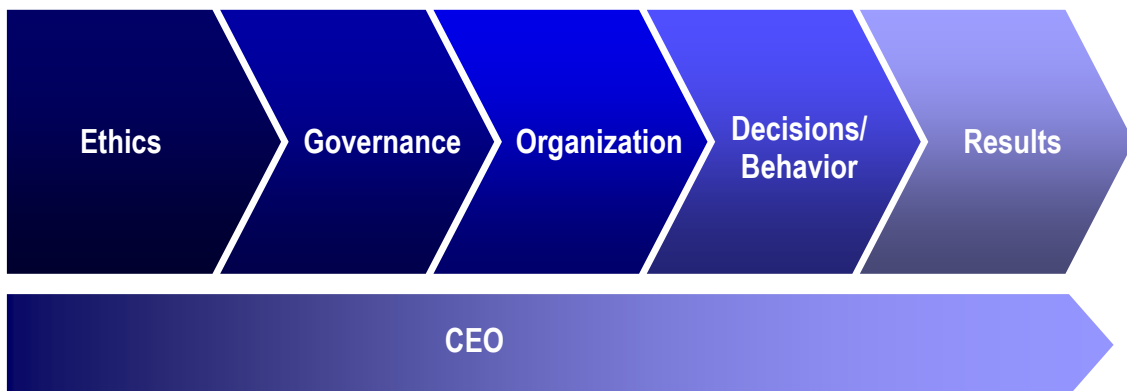
The impact on your business:

- New, more complex regulations have increased the labor requirements and cost of compliance
- The risks of being a CEO have increased and stiffer criminal and civil penalties now exist
- Boards and investors are asking CEOs for more information

The first step the CEO should take is to develop a *proactive stance on governance and be a leader in compliance.*

- Increase shareholder value by spending every corporate dollar as if it were your own
- Get educated and understand the impact of legal regulations and accounting standards that are core to the success of your business.
- Leverage internal procedures and controls to increase operational efficiency and measure the results
- Implement a compliance program that adds shareholder value. It is not just a matter of complying -- but also understanding how much is enough for your company.
- Have contingency and risk management plans in place to mitigate the cost of potential lawsuits

Every action or lack of action has an impact on the bottom line. As CEO you have the ability to control, track and measure the impact by creating effective business processes.



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