

“LEADERSHIP PARALYSIS & THE INABILITY TO INITIATE CHANGE”

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“Leadership,” what is it? How do we define leadership and what are some of its characteristics? What distinguishes a company demonstrating strong leadership from one that is not? And, is there good leadership in our food service industry?

Let me begin by stating that any discussion surrounding leadership needs to focus in on those key qualities, or behavioral characteristics that are common to all good leaders.

So, what are some of the inherent roles and qualities of leadership? As one might expect, there are several, but I would like to touch on a few that I feel are critical. First and foremost, leadership **must** set a long-term vision for the organization. Vision provides a focal point for the organization and its employees. Everything else -- actions, strategies, policies, decisions, etc. – should coalesce around the organizational vision. A good vision lets people know in an organization what is expected of them.

Second, leadership requires exceptional listening skills. Listen to what the customer really needs and wants, and not what **we** want the customer to say. And by the way, there is only one **customer** in our industry, and that is the end-user. Everyone else, and every other organization is only there to **serve** that customer.

Next, leadership shows courage. Courage to make changes that you believe are necessary to preserve the long-term well-being of your organization. Courage to recognize the fact that sometimes taking on a leadership role means that you may have to suffer for a while before you reach your ultimate objectives. Perhaps that helps explain the apparent lack of leadership in this industry – no one wants to have to suffer. But, unfortunately, numerous studies have shown that one suffers significantly greater in the long-haul if you don’t initiate change, if you don’t demonstrate leadership.

Take for instance the buying group “situation” about which almost every manufacturer that I speak with complains bitterly about. It seems like everyone is in one, but the vast majority of manufacturers don’t want to be. “They suck off all my profits!” “They have no loyalty to any manufacturer!” “They are always asking for more, and more, and more!” (And most manufacturers give it to them!) “We are stuck in this vicious cycle and we can’t get out!” I have certainly heard it all. But isn’t the real problem that everyone is afraid to make changes for fear of what the consequences might be? They are afraid to pull the plug, or develop exit strategies for fear of “losing all of that business” to a major competitor. Leadership finds alternatives. Leadership looks “out of the box” to find alternative ways to do things so that value can be given to those in this industry who matter most, and that is the customer – the end-user / operators. As I

mentioned earlier, there is often a short-term price to pay as a leader, but there is always a bigger price to pay if you don't show courage and take a leadership position.

Leadership is also constantly scanning the horizons of its industry and operating environment in an effort to anticipate and understand the changing needs of both its external as well as its internal constituents. And of course one way that leaders and organizations can do this is through "listening." In our industry manufacturers should be listening to their sales reps in the field as a means of ascertaining what is actually "going on." After all, for most manufacturers in this industry, the independent sales reps are the ones who are actually the closest to the end-user customers! But it does not, and should not stop with the manufacturer / sales rep. relationship. All constituents within the industry should be constantly communicating with each other so that all can effectively learn from each other.

Now that you have a bit of an understanding as to what characterizes good leadership and what is required of leadership, are there any good signs of it in our food service industry? And if there are none, why not?

One reason why I believe good leadership has not emerged in great abundance is because the vast majority of the management in this industry is caught up in a state of mental and physical paralysis. As I mentioned earlier, they are afraid to make changes for fear of what the short term consequences might be to them and to their organizations. In other words, they are afraid to make any significant, meaningful changes because they are afraid that such changes will upset the very delicate applecart that they all perceive exists. And no one wants to face the wrath of a disgruntled channel member for fear of being ostracized.

Do I think that leadership is dead in the food service industry? No I don't, but, as I mentioned above, I also do not believe that it exists in any great abundance either. Let me give you some examples of what I perceive to be excellent examples of leadership in this industry.

A very good friend of mine, and a business acquaintance, showed, in my opinion, excellent leadership skills when he started his very **first** food service equipment manufacturing company just a few, short seven years ago. He took an "old," established product, ascertained what the industry (end-users) liked and disliked about this particular product category, "redesigned" the product in an effort to eliminate the "problems" that the end-users / operators perceived were inherent in the product, and then brought his "new" product to market. In doing so, he initially tried to play by the "traditional" rules of the food service industry, but was quickly scoffed at by the vast majority of the equipment & supplies dealers in the industry. At the same time his competitors berated his product. Not to be thwarted by these numerous roadblocks and obstacles thrown his way, this individual showed true leadership by shunning the traditional channels, listened to his customers (the end-users / operators). Today, only

seven years later, he has a company that is more than twice the size of the average NAFEM company, has customer (end-user) satisfaction and retention scores that are one of the highest, and has accomplished this by selling a product that is 40% **higher** in price than any of his competitors. How did he do this? By displaying leadership. By not letting the “traditions” of the food service industry threaten his dreams, and by listening and responding to what the customer base was looking for and wanted. Actually, when you think of it, it is a pretty simple formula for success.

A manufacturer’s representative in this industry, showed, in my opinion, great leadership and courage by philosophically changing how he and his organization operate in his territory. After hearing him complain for some time about the dealers who showed no loyalty, about the manufacturers who “just didn’t get it,” and who were constantly “acquiescing everything to the dealer,” and the service agencies “not fixing and repairing it right the first time”, **he** came to the realization that if **he** didn’t change and take a leadership position, then he and his organization were not going to be around long-term. With this “burning platform” facing him, we sat down together and crafted out a long-term strategy that would fundamentally redefine his role as a manufacturer’s sales rep.

After listening to the rather broad spectrum of end-users in his territory, he decided that the most important thing that he and his organization could do was to meet their needs. In doing so, he has created a sales representative organization that is somewhat unique in this industry. Just exactly what has he done? For starters, his organization has begun to stock equipment in their own warehouse, not to usurp business from the local dealers, but to ensure that the customer (the end-user / operators) get their products when and where they need it. This rep organization has established a formal strategic alliance with a service organization and together they have crafted policies, procedures, and performance standards that, first and foremost, take into consideration the operator who has a piece of equipment that is down and in need of repair. This rep. organization has full-time CAD and restaurant design experts on staff whose primary function is to design commercial kitchens **and** to assist the local FCSI design consultants with many of their projects.

Why did he make these moves? In essence, to ensure his long-term survivability. He realized that the traditional channel constituents were not performing to his or his customers (the end-users / operators) needs. So in order to protect the excellent relationships that he had established with the operator community, he decided to take things into his own hands. That is leadership!

Some reps will be out of business in the not too distant future if they continue to think and operate as if the industry was back in the 1990’s and 1980’s. Of course, the same holds true for manufacturers, dealers, and service agencies. No one or no segment is immune.

Another colleague of mine, again a manufacturers sales representative in this industry, showed what I believe is great leadership. Recognizing that literally thousands of different items are sold through the dealer / distributor base, he felt that for the long-term survivability of his organization he needed to gain more “control” over what the dealer salespeople were selling. More specifically, he wanted to make sure that the product lines that he represented were first and foremost in the minds of the dealers’ sales representatives when they were face to face with one of their customers. At great expense to his company, he instituted a rather sophisticated, web based awards program that rewards the dealer sales person for their loyalty. He didn’t rely on the various manufacturers to do this, he did it himself. He didn’t ask for their permission to do this, he took the task on himself. He didn’t check with the dealer community to receive their blessing, he moved ahead knowing that he had the backing of the dealer sales people. What do his actions show? They demonstrated great leadership. He thought differently, he thought “out-of-the-box,” he believed in what he was doing, he acted on his convictions, and he implemented his idea with passion!

So, who is ultimately responsible for leadership in this industry? A great question, and one in which I get a lot of different answers when I ask the various constituents groups in this industry. The manufacturers’ reps. are looking to their factories to make “changes.” The dealers are looking to the manufacturers to initiate “change.” The manufacturers are looking to both the dealers and the sales reps to “change.” And as you can gather from this “story,” everyone is looking to someone else to change and play the role of leader.

So, ask yourself that question again, “Who is ultimately responsible for leadership in this industry?” And the answer that you should come up with is “**you!**” To wait or rely on the manufacturers in this industry to show “leadership” is a mistake. To wait or rely on the dealer / distributor community in this industry to show “leadership” is a mistake. To wait or rely on anyone else but “**you**” to show or demonstrate leadership is a mistake! **Everyone** in our industry and everyone in your organization has a responsibility to show leadership. If you want change, you have to show courage, show leadership, and initiate the change yourself. To acquiesce the change process, leadership, to others in our industry is basically acquiescing your future to someone else.

As I mentioned earlier, the primary role that you have as a manager in your company is to ensure the long-term survivability of your organization. And to do that requires leadership. If you want to accomplish this goal, you can’t count on others to do it for you, **you** have to change, and **you** have to lead.

Just remember, if you always do what you’ve always done, you’ll always get what you’ve always gotten.