

Beware of an Old People Culture

thoughtLEADERS

May 16, 2012

BY ROBERT J. HERBOLD

The stories we've been reading these past few weeks about Kazuo Hirai, Sony's new CEO, and the challenges of reversing a 10+ year slide are downright sad – but not entirely surprising. For a long time we've been watching Sony act as if it were run by a bunch of tired veterans from an out-of-touch generation. At one point in its sixty-five-year history, however, Sony was an electronics rock star.

- Trinitron was king of the TV market; now it's Samsung and LG.
- The Playstation used to be every teenager's dream. Now Microsoft's Xbox 360 is crushing the competition.
- Sony invented portable music with its Walkman. Smartphones now own that business.
- Speaking of smartphones, ten years ago it would have been Sony that would have been most likely to invent that category. Today they are nowhere in sight.
- Tablets? Sony is again missing in action. In a category of the type they used to dominate, but here's what PC Magazine had to say of Sony's recently-released Tablet S: "Underpowered, overpriced, and doesn't pull Sony's multimedia services together in a convincing way. Where Apple's and Amazon's tablets fuse device and content seamlessly, the Tablet S does not."

So what's Sony's new CEO to do?

Let's not kid ourselves, for a company the size of Sony, there's no easy fix. But for starters, Hirai might benefit from a sit-down with Sergio Marchionne, a CEO who knows a thing or two about inheriting –then turning around – major corporations on the brink of ruin.

In 2006, Marchionne rescued Fiat, an Italian automaker headed for the junkyard and created not only one of the fastest growing companies in the industry, but a culture of youthful, fast-moving enthusiasm. A few years later, he was instrumental in Fiat Group forming a strategic alliance with Chrysler, another automaker at death's

door. Marchionne muscled Chrysler from the clutches of the US government, including paying off the company's 19.7 percent interest. The automaker is now making a profit each quarter and generating real excitement with its new models.

How did he do it?

1.) When he first arrived at Fiat, Marchionne was shocked by the practice of executives communicating with each other through their secretaries. As a result, he replaced most of the top executives with aggressive outsiders or super-talented middle managers who were also highly critical of the current state at Fiat. Marchionne says his job as CEO is not to make business decisions — it is to push managers to be leaders. As E.M. Kelly once said, "The difference between a boss and a leader: a boss says, 'Go!' – a leader says, 'Let's go!'"

2.) A little lower down the food chain, Marchionne also dismissed thousands of "old-acting" employees who were tied to the past and risk-averse.

3.) Marchionne installed accountability and aggressively fought to squelch bureaucracy and consensus decision-making. When Marchionne came to Chrysler, the chairman's office was a top-floor penthouse. It's now empty. Instead, Marchionne's office is located on fourth floor, which happens the same floor as the engineering department. In other words, Marchionne is on ground zero, where decisions are made and the action actually happens.

According to Money CNN, "The principles of (Marchionne's) management style are simple: He values merit over rank, excellence over mediocrity, competition over insularity, and accountability over promises." Make no mistake, "old" here has nothing to do with gray hair. I'm sure Marchionne has a few of his own and

BOB HERBOLD

THEHerboldGroupLLC

The purpose of The Herbold Group, LLC is to help individuals and organizations improve their performance. Visit BobHerbold.com to learn about it's areas of focus, types of services and recent clients.

probably more than he did when he first took the helm as Chrysler's Chief Automaker. In my experience, "old" is a mentality of doing the same thing you've always done hoping to get the results that once put you at the top of your game.

It's a dangerous trap that too many in the C-Suite succumb to.

It's also one Kazuo Hirai and Sony cannot afford to repeat.

Robert J. Herbold is the retired COO of Microsoft and managing director of the Herbold Group.