

Right People, Right Seats, Wrong System

What a CEO and his technology leader taught me about S-A-T-P-R

A CEO I coach came back from rereading *Good to Great* with a mandate. Between now and mid-November, every conversation I have with his leadership team is about one thing: right people on the bus, in the right seats.

Later that same day I met with his technology leader, the executive who runs the company's data and systems and has more than twenty people on his team. His CEO had just asked him to evaluate every one of them.

Two smart people, one question, two different starting points. The CEO believes the answer is people. His technology leader believes his people are compensating for what the company hasn't built. They're both right, and working through it with them made my S-A-T-P-R framework better. Here's the newer version, and how we got there.

THE QUESTION BEFORE THE QUESTION

When the CEO told me he wanted to reorganize, I didn't ask how. I asked what the company is organized around, and what goals it's trying to achieve.

His first answer was "to make things much better." That's motherhood and apple pie. Nobody can be in the right seat or the wrong seat until you know what the seat is for.

Every organization is already organized around something. Sometimes it's a strategy. More often it's history, whoever was hired first, or whatever the last crisis demanded. So we named his goals: more revenue, more profit, more products and new logos, and less company-caused churn. Churn from a customer changing its mind isn't in your control. Churn because you pushed out something before it was ready is.

Now there was a yardstick, and it cascades. The company has its goals. Each team is organized around its share of them. Each seat owns a piece of the team's.

You can't judge a seat until you know what it's meant to achieve.

THE CEO'S CASE: PEOPLE FIRST

The CEO made a strong argument, and I want to give it its full weight. The right people bring the right tools. They demand more. When one of his senior executives arrived, he insisted on replacing a broken finance system, and he got it. Weak people don't make those demands.

He also pointed to something every CEO will recognize. He had people in roles where their own manager and their own self-review said they weren't the right fit, and nobody was acting on it. In one case, a leader wasn't making the call because his direct reports were his friends.

He's right about all of it. My pushback was about what happens next. That executive who replaced the finance system had the authority to do it. Two levels down, people may see exactly what's broken and have no power to change it. His answer was that some people just don't have the vision to change. Also true. That's precisely why you have to ask the next question: have they raised it? If they have, and nobody acted, you have a bigger problem than the person.

By the end, he put it better than I had. You can't separate the person from the tools and process. They're two sides of the same apple. We agreed on the order: people first, but not people only.

THE TECHNOLOGY LEADER'S CASE: THE PEOPLE ARE COMPENSATING

His technology leader was already moving pieces on his team before anyone asked. But when I asked him whether his problem was people or process, he didn't hesitate. "In general, great people and very bad process. The people compensate for the lack of process many times."

He raised an objection I hear often. Every one of the CEO's goals is money. How do you motivate a junior engineer fresh out of university with EBITDA?

You don't. Think of the company as a quilt. Every person owns a patch. Define success for that patch in terms the person cares about: five-nines reliability, an hour a day given back to every employee, reports nobody has to rework. Then leaders do the translation. An hour a day across 100 people at \$100 an hour is \$10,000 a day. The engineer gets a goal he believes in, and the CEO gets a number he believes in. Translating is the leader's job, not the engineer's.

He also asked whether they should rerun their behavioral assessments before evaluating the team. The last round was a year old.

A behavioral profile is like a dipstick. It tells you about the oil and nothing about the brake fluid. It's useful for hiring someone into a role. Once a person has been in the seat for a year, you have better evidence: did they hit their goals, what share of their assignments did they complete, how do they work with others?

He added a point I hadn't considered. His own training and certifications go to HR every quarter, but he doubted everyone's did. If you evaluate skills from the HR file, you'll miss half of them.

He also told me about checking a candidate for a senior role who claimed he'd grown a company from \$1 million to \$35 million. The company turned out to have two employees, and its website was registered years after the growth supposedly happened. Profiles and résumés are where due diligence starts, not where it ends.

WHAT CHANGED IN S-A-T-P-R

The letters and their order haven't changed. What sits inside them has.

Start with the goals. Before you rate anyone, name what the organization is organized around, what the team owns of it, and what this seat is meant to achieve.

S — Skills. Can they do what the seat requires today? Skills expire faster than they used to. A developer's job looks different than it did three months ago. Judge people against the seat as it is now.

A — Attitude now means curiosity plus action. If someone isn't curious, you'll outgrow them before you want to. But five frogs sit on a log, four decide to jump, and five remain. Deciding and doing aren't the same. Curiosity without action is moot. Attitude is still the last verdict you're allowed to reach, never the first.

T — Tools. Hire a great carpenter and hand him only a hammer. After a month, what's his attitude? Data counts as a tool too. Put a forward-looking finance leader in a company whose numbers nobody trusts and he'll still struggle, because he has nothing reliable to think with.

P — Process now includes scope. Process is how the work flows, and it's also who is allowed to change it. Give the carpenter every tool in the shop, then tell him he can only use one per job. The process is broken. If he can see it but has no authority to fix it, whose problem is that?

R — Repeat is now the interrogation. You still run the loop every quarter on every key seat. But the R now carries a harder question: if the tools are right and the process is right, why are they still failing? That's when you go back to the person.

THE SCOPE TEST

Scope decides whose problem a gap really is. Four questions:

- **They had the scope to fix it and didn't.** The gap is theirs, in skill or attitude.
- **They had no scope, but raised it with a proposal:** "I can't fix this, but I'll help you do it." You have the right person. The system is the gap.
- **They had no scope and stayed quiet, or just complained.** That's curiosity without action, which is attitude.

- **They raised it and nobody acted.** That's a leadership problem, and replacing the person won't touch it.

CULTURE IS THE WATER THEY SWIM IN

Culture surrounds all five letters. I've watched curious, capable people go quiet in companies where information is traded as currency: I'll tell you what I know if you help me, and not if you don't. I've watched leaders put off the right decision because their direct reports are their friends. I've watched regions and functions harden into silos.

None of that shows up in an individual's review. All of it shows up in their attitude. Culture belongs to management, the same as tools and process.

THE PROCESS GAP HIDING IN PLAIN SIGHT

Here's a pattern I see in almost every growing company. The CEO decides something should happen: sell surplus equipment, clean up a customer list, launch a product. Everyone agrees. A year later, nobody can say what happened, because nobody opened a project, nobody owned it, and there was no place to track it.

If you want to sell surplus equipment, step one is counting it. You can't sell what you can't find. That isn't a people failure. It's the absence of a project management process, and no amount of hiring fixes it until someone builds one. It's also why a new chief of staff or COO often struggles in the first year. You've hired someone to run a system that doesn't exist yet.

THE DECISION MATRIX

Put the Person (skills and attitude) on one axis and the System (tools, process and scope) on the other.

- **Strong person, strong system:** invest and stretch. Raise the bar.
- **Strong person, weak system:** fix the system. Don't replace the person.
- **Weak person, strong system:** make the people decision. Develop a skill gap, redeploy someone in the wrong seat, or exit an attitude problem.
- **Weak person, weak system:** triage. In an emergency room, they stop the bleeding before they restart the heart. Fix the system first, then reassess the person next cycle.

Two more questions before any exit. Is this person wrong for the bus, or wrong for the seat? The great engineer you promoted into management may be a great engineer again tomorrow, and a product leader short on creativity may be an excellent sales engineer. And how big is the gap? Taking a function from zero to 50 is a different decision from taking it from 50 to 100. Fifty may be good enough when the person brings seven other things you'd lose.

THE HARD TRUTH, UPDATED

It's always people first. I told the CEO that, and I meant it. Without the right people, nothing else works.

But if people are all you ever look at, you'll keep changing people. You'll replace one person with someone who is just as problematic in a different way. And in a company where turnover already runs high, every exit takes institutional knowledge out the door with it.

Two letters belong to the person. Everything else belongs to you: the tools, the process, the scope and the culture.

Start with the goals. Then, before you replace the person, audit the system around the person.

LET'S TALK

If you're a CEO running a \$10M–\$100M company and the same performance problems keep showing up with different names attached, let's talk. I work with operators to run this diagnostic on their key roles and rebuild the systems around them.

Book a complimentary Capstone CEO Diagnostic Call: calendly.com/lew-lewjaffe

Lew Jaffe · Founder & Managing Director, Capstone Business Performance Advisors

CAPSTONE INSIGHT

S-A-T-P-R

A DIAGNOSTIC FRAMEWORK FOR CEOs OF \$10M-\$100M COMPANIES

Right people, right seats is where it starts.
Audit the system around the person.



START WITH THE GOALS

What is the organization organized around?
What is this seat meant to achieve?

CULTURE · THE WATER THEY SWIM IN · MANAGEMENT OWNS IT

EMPLOYEE OWNS

S

Skills

*What the seat requires today,
not the day you hired them.*

A

Attitude

*Curiosity plus action. The last
verdict you reach, never the first.*

MANAGEMENT OWNS

T

Tools

*The right gear for the job,
including data you can trust.*

P

Process + Scope

*How work flows, and the
authority to change it.*



THE SCOPE TEST

Had the authority to fix it and didn't? That's on them.
Raised it and nobody acted? That's on you.

R

REPEAT · IF TOOLS AND PROCESS ARE RIGHT, WHY ARE THEY FAILING?

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