

Chapter 8

Strategic Priority-Setting

Drawing up a profile for the new commercial director was not as easy as Henry first thought. The previous director had suddenly left the company, lured away by a great offer outside the tough mail delivery business, so Henry wanted to find a replacement quickly. As CEO, Henry was acutely aware that the commercial challenges in the postal market were daunting and that the position could not be left vacant for long. Yet, in making his list of key qualifications, Henry recognized that he might be asking a lot – someone who could skate like Wayne Gretsky, jump like Michael Jordan and shoot like Lionel Messi, preferably all at the same time.

Being responsible for sales, the new commercial director would have to drive market share growth. Demand for the delivery of physical mail had been declining for years, so any increase in sales would have to be aggressively grabbed from the much larger former state-owned incumbent. In the volume business they were in, with high fixed costs and enormous economies-of-scale, getting more mail into the system was crucial for survival. For years they had suffered losses, as they clawed market share from their competitor, attempting to gain critical mass and now that they had finally reached break even, Henry couldn't afford to let volumes slip.

But not any sales would do. The new commercial director would have to sell what could literally be delivered. As a company following a strategy of operational excellence, almost all variation had been squeezed out of the operational processes, focusing everyone on standardization and repeatability. The logistics machine was ultra-lean and very efficient, calibrated during years of continuous improvement. It was not the intention that a new commercial director would ruin the business model by adding complexity and unpredictability.

At the same time, Henry realized that expanding market share in a declining market was not going to be enough to keep his shareholders happy. More than once they had voiced their concern that physical mail was contracting faster than anticipated and that the company needed to look for new avenues of growth. Therefore, his new commercial director would also have to lead the search for new opportunities in the market place. This person would need to challenge the existing way of creating value and the current segment focus, opening up new horizons for growing the company.

More than just incrementally changing the existing business, the new commercial director would also have to be a driving force in business innovation. The company had already acquired a few disruptive start-ups, offering services such as package pick-up lockers and data analytics, which the new person would also need to guide in their further development and market penetration. But besides these acquisitions, Henry had the ambition to stimulate the organization's own innovation capabilities, to be able to come up with new business models and launch these themselves. Preferably, his new commercial director would be at the forefront of these efforts, or at least a strong supporter.

Looking again at the job profile, Henry wondered whether he had just drawn up a description of an ox that could fly. Maybe it would be better to focus on a safe pair of hands, that could create stability and get things done. After all, running the existing business well and finally making money was key to survival. The company desperately needed someone who could perform, could execute. So, maybe it was best to find someone who could instill discipline in the sales team, optimize the current service offering and keep customers happy. Innovation could always be handled by a separate team.

Yet deep down Henry was concerned that a safe pair of hands could easily become a smothering pair of hands, rigidly holding on to the existing business model and suppressing all new ideas that might upset the status quo. Maybe it was better to have a bit of a rebel, always challenging the status quo and looking to do things differently. After all, reinventing the postal business was essential to the company's long term survival and this was not something that should be delegated to some staff department. The company desperately needed someone who could renew, could be entrepreneurial.

As Henry called in his HR director to discuss the job profile one last time, he again asked himself what had the highest strategic priority – running or renewing the business?