

How to think like a CEO: Strategic Management
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What is a CEO? Chief Executive Officer is the highest official in the company, sometimes a majority owner, but not always. This is divorced from ownership. The CEO is many things, and with veterinary practices becoming more and more sophisticated, a CEO position, or emulating a CEO's traits will be ultimately beneficial to the success of your practice.

CEOs are the visionary of the business. Many of us think the owner is the visionary, and they may be, but the CEO role is uniquely situated to be the strategic oversight for all functions of the hospital and so must be able to see the forest from the trees. A good CEO can write a mission and vision statement for what they see as the market situation of the business. What product does the company offer that is differentiated? Where does the business sit in the marketplace?

A good mission and vision statement has to intersect at the purpose of the business. The business purpose is at the cross-section of what the world needs, what the company is uniquely good at, how the business can create economic value and what the team is passionate about doing. A good veterinary hospital will understand those four factors and can determine and share their businesses' purpose. Said a different way, a mission is what you do now, for whom, how you do it, and what this achieves. A vision statement talks about where you are going and what you want your mission to achieve in the bigger picture (the world).

CEOs are generalists. They must have a working knowledge of the core business functions like accounting, finance, human resources, law, marketing, and operations. Already a generalist, this is what makes CEO mindsets perfect for the veterinary manager. This also begets the point that it takes a village to run a veterinary hospital. So the CEO should be responsible for interfacing with a variety of internal or external department heads such as accountants, lawyers, HR/Payroll managers, inventory coordinators, safety committee heads, etc.

If you think about visionary CEOs, like Steve Jobs, Steve was not a lawyer, or a specialist. He was a visionary with a good head about business, the ability to drive performance in his employees, and someone who could make a decision presented with a plethora of evidence.

CEOs have a unique set of skills including: flexibility, stress-tolerance, ability to take a stand, data analysis, leadership, communication, financial competence, risk management and lateral thinking. It is recommended that CEOs spend 40% of their time on the future, strategy, growth. 30% of a CEOs time should be spent on actually developing strategy and execution. 15% of their time should be spent focusing on drivers of company success, and the last 15% should be spent on working on themselves as leaders.

Here are some CEO skills and best practices:

- Time management: CEOs must be understanding of and actively improving time management. There will always be more work than you can handle, so you must be an expert in managing constant demands. The Eisenhower matrix (urgent, not urgent, important and not important) can be a useful tool here to understand in

what order the work goes into the queue. There are a plethora of time management softwares and tools to help with this.

- **Mindset:** Develop mental resiliency. What makes sense to you and why? If you were to run a scientific method on a project, what result would you get? What leader are you? Coach? Futurist? Explorer? Lateral thinking can help here. Vertical thinking takes a problem using existing knowledge, then thinking of a logical conclusion to that problem, yielding only one solution. The issue is this is all based on existing data. Lateral thinking takes a problem, and makes associations to other types of problems, or looks at solutions in different industries or lenses, this leads to multiple solutions to one problem. Additionally, recognize the role cognitive biases play in our lives.
- **Reading/Research:** Effective CEOs read. A lot. They read newspapers, magazines, articles, They keep up with current events, trends. They look at outside industries, and keep a pulse on what is happening in the macro environment.
- **Strategic Planning:** CEOs are skilled at strategy. Inventory item forever out of stock? Lead technician quits? Competitor comes to town? A CEO would be thinking of how does a business insulate themselves from these problems by having strategies to tackle them on a recurring basis.
- **Root Cause/Specificity:** Getting to the “why.” This typically takes 5 WHYS to get to the root cause. The root cause is the cause that you can effect change in that will have a ripple effect. Otherwise you keep putting out fires, but never fixing the actual problem.
- **Opportunity Cost:** You decide on a plan. But, what other plan did you give up on to take that plan? This is the nature of opportunity cost. You always have options. Understanding choices, and the various paths they lead, is essential as a CEO. Every decision comes with a risk/reward. CEOs do this math in their head.
- **Change Management:** CEOs have to shepherd change. So, it follows, that they would be experts at change management. How do you steer a ship in a new direction? Through defining the issue at hand, analyzing the impact, planning the strategy, execute that strategy, and then reinforcing the new behaviors. Part of this is also understanding the change process employees go through- similar to grief, change is a difference in the rote ways of being or doing things. When those are no longer there, employees grieve and process in a fairly predictable pattern, from denial to acceptance.
- **Stress management:** CEOs will deal with stress and so being an expert at managing stress is a requirement. You will deal with time stress, anticipatory stress, situational stress and encounter stress. This will tax you. However, as the head honcho, you need to be able to tackle problems and not let stress chip away at your productivity.
- **Internal Controls (trust but verify):** As a CEO, you have to delegate and trust employees, but not at the risk of the businesses. A CEO is skilled at developing internal controls where you can instill process that gives you visibility to process but lets others own the work and results.

- Hierarchy/Span of control: A CEO cannot have 100 direct reports. A CEO manages through other managers. Understanding the span of control at your hospital is critical. How many folks report to how many people? Is it effective? Is it horizontally spread or vertically spread?
- Data Analysis: Data analysis is a critical skill. You must be able to absorb data, understand limitations, determine meaning and understand actionable insights. Using a dashboard for your practice can help report a snapshot of practice performance and then give you insight into actions to take to improve practice performance.
- Communication: CEOs must be great communicators. Insights on communication can be found in other presentations.
- Financial Analysis: CEOs must have a competent understanding of accounting and finance to analyze the hospital's cash flow and profitability positions. PnL analysis and other techniques are quintessential tools in the CEOs arsenal.
- Inspirational Leadership: CEOs are inspirational and must inspire vision in their teams to drive results. This is a skill that those wishing to take on the CEO mindset must master.

In summary, separate from the management core skills such as inventory and regulatory management, CEOs must master a separate set of skills as leaders. Adopting a CEO mindset can help take your practice to the next level.