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ACROSS THE BOARD

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Making the Leap...

...from a Big Blue
to a smaller
company.





An illustration showing a man in a suit jumping from a building on the left into a wire cage on the right. The man is in mid-air, holding a briefcase. The cage is a tall, rectangular structure with a grid pattern. The building has a window with the name 'P. DITRICH' visible. The background is a light blue sky with some clouds.

Making the Leap . . .

**...from a Big Blue
to a smaller
company.**

By Matthew Budman

These days the world of big business seems a less and less pleasant place in which to stay. News of plant closings and permanent layoffs peppers the evening broadcasts; corporate boards' demands for immediate results have left many CEOs tentatively occupying offices as volatile and bloody as any metropolitan mayor's.

But an alternate universe exists—that of America's 4 million small corporations—and large-company executives increasingly are finding homes there.

Not all are victims of downsizing horror stories. Many executives move from New England-based multinationals to small Midwestern companies by choice. Some see no promotions in a downsized future; some have grown weary of bureaucracy and hierarchy; some have just grown weary. "Twenty-eight years is a long time to be at one company," ex-IBMer Larry J. Ford says.

Across the Board talked with executives who, for whatever reason, found their way from industry giants to up-and-comers. Ford left IBM Corp., with approximately 350,000 employees, for a company with 700; John Ellsworth went from Unisys Corp.,

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with more than 60,000 workers, to a company with 120; Will Messenger left the New York office of McKinsey & Co. Inc., with 700 employees, for a company with "three or four people."

Jo A. Bennett decided not to relocate to Cincinnati with Chiquita Brands International Inc. and signed on with a New York executive-search firm; Phil Cooke gave up a senior-management slot at Sprint Corp. to start his own consulting firm and then join a local telecommunications company in Mattoon, Ill.

Some had less choice in their destinies: Lynda Welch's executive position at Pitney Bowes Inc. disappeared, as did Ellsworth's at Unisys.

All concur that life at small companies is a different world altogether. And no one is better qualified to explain the difference between the fast-paced culture of a rapidly growing startup and, as IBM veteran Gloria Callender puts it, "the bureaucracy of the huge, monolithic organization called IBM."

Some differences are universally agreed upon: A small company usually has a tighter focus, and changes happen with a minimum of paperwork and slowdown. Executives have more personal impact on day-to-day events, feel a stronger sense of ownership, and must demonstrate more self-sufficiency. "You can make a decision and have it stick, go execute it, and then see the results quickly," says former IBM executive M. Bernard Puckett. "You creak from growing pains rather than creaking from having to change things that have been around a long time."

Are relationships with people different at a smaller company? It depends on its size. Executives moving to companies with more than \$100 million in annual sales report little difference. At significantly smaller companies, managers say, relationships are far more relaxed.

The pay issue is far from clear-cut. Conventional wisdom says that executives at small companies trade guaranteed income for equity, and some here have followed that pattern. "I definitely could be making more in the marketplace at large, either as a consultant or an executive," Cooke says. "And the perks here aren't nearly as good. But if we grow the business I'll probably do better than what I could elsewhere, since I've traded current cash potential for a possibility of equity."

Messenger, who left McKinsey, "one of the best-paying places you can work," saw his salary drop "more than a third." But he receives stock options, and when and if his company goes public, he expects to make a killing.

Others found they didn't need to compromise. Ellsworth "got a significant raise overall." Welch points out that: "In today's marketplace, smaller organizations and not-for-profit organizations understand that if they want the skills they need to be competitive. So they're doing pretty well in salary competition."

Out in the Open

One point is made repeatedly: Being more self-sufficient has its drawbacks. Everyone interviewed finds a generalist, rather than specialist, orientation exhilarating, but a few would like the option of melting into a crowd once in a while.

"There ain't no place to run; there ain't no place to hide," Ellsworth says. "You're either a contributor and a player and

a performer or you're not, and it's immediately apparent. There are so many things to do that everyone may not agree about what needs to be done first, but it's obvious whether a lot is getting done or whether it's not."

Another downside to talent being spread thin is that those accustomed to large companies' overabundance of expertise sometimes find themselves scrambling. Several executives noted that the absence of an on-staff lawyer has forced them to rethink their methods.

"At Citibank," Cooke says, "if you had an employee-relations issue where you were looking at something like terminating someone for cause, there was a lawyer who knew employment law on staff, and you would just call up and use him as a sounding board—here's what the situation is, what are the New York laws, maybe this person was a resident elsewhere and has access to the employment laws of another state, what federal laws applied."

"In a small company, you don't think about a lot of those things," Cooke continues. "We have an outside attorney that we use, but if I call him, I get charged in 15-minute increments of \$200 or \$250 an hour. So you don't just call up when you might, whereas at Sprint the attorney, an employment-law expert, sat down the hall from me. The availability of that kind of expertise can spoil you."

Callender agrees: "I could always pick up the phone and call one of IBM's millions of lawyers to give me an idea of whether something represented a legal exposure to the company from an HR standpoint. Or if I had questions about benefits, I just simply called the benefits department. Now I go out and negotiate the benefits for the company. It's a totally different perspective on things."

But Ellsworth, taking a wider view, sees a positive side in having to go outside the company to consult an attorney: "The lawyer outside has got to be a performer just as I have to be a performer," he says. "At Unisys, some of the folks in the legal organization were extremely productive, proactive, flexible, would understand your needs and problems and help you solve them, and others were mainly in the business of saying 'No' to everything. So the availability of the resource in a large company may be a negative if that resource is not a producer, a contributor, a player. The person may be part of the problem instead of part of the solution."

The Entrepreneurial Spirit

Obviously, those employees who are congenitally "part of the problem" have an easier time hiding in a large organization. But others, as well, may have trouble fitting into the family-style atmosphere of a small company, and these executives stress that small companies favor a certain personality type.

"I've heard of people who've gone to small companies and have really felt lonely and adrift and stressed out because they felt they didn't have sufficient resources," Bennett says. "Someone has to understand him- or herself and figure out whether they enjoy doing a lot of things on their own, whether they're entrepreneurial and opportunistic."

Banking executive William J. Monnich agrees: "Personality certainly has a lot to do with it, as well as confidence in your talent and in your training, and the entrepreneurial spirit, which in larger organizations—by the nature of the beast—sometimes becomes dampened. If you're someone who really gets excited about analyzing situations and testing courses of action and being in the forefront of leading

the troops, you'll find a smaller organization to be far more gratifying."

Ellsworth notes that in a small company, "Everyone becomes a change agent"—every employee looks for ways to solve problems. "In a highly matrixed organization like Unisys, the first question you ask yourself is: 'Is this something I should be doing? Or should I be getting someone else to do it?' In a small company, *everything* is mine to do."

Other factors that didn't slow down those interviewed may sour others on the small-business world. Cooke, whose résumé lists RCA Corp., Xerox Corp., Citibank N.A., and Sprint, points out that those outside a small company's sector may have never heard of the company. An executive used to calls being put through immediately upon uttering the words, "I'm with DuPont" may find obscurity frustrating.

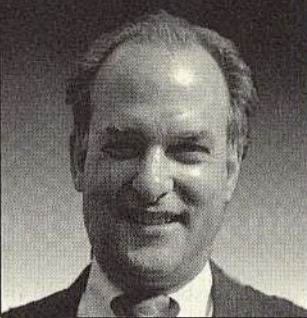
"It's nice when people recognize who you work for," Cooke says. "There's a certain amount of respect and prestige that comes with being with first-class organizations that you lose in being with a small company. People don't know who you are. So if that's one of your motivators and you like that type of psychic income, then you're going to have a tough time at a small company. On the other hand, if you don't care about that and you want to control your own destiny a little bit, then it can be a lot of fun."

Here, then, are the stories of how and why each of these executives decided to become, in Cooke's words, "a big fish in a little pond"—and what the experience has taught them.

From Shrinking Titans to Small Ventures



Gloria Callender
Axiom Real Estate Mgmt.



John Ellsworth
Assessment Systems Inc.

The experiences of Gloria Callender and John Ellsworth are becoming increasingly common. Both were with huge corporations downsizing furiously. Ellsworth, who worked at Sperry Corp. and Unisys for a decade, was laid off; Callender, at IBM for 26 years, accepted the giant's financial incentive to leave. With smaller companies now, both are far happier, and neither plans to return to the big-business world.

"It's a very upbeat atmosphere, very lively," Ellsworth says. "And the people are younger either in years or in heart. It's a much more dynamic kind of environment, and a whole heck of a lot more fun."

Callender left IBM, where she was a senior consultant, in September 1992 for Stamford, Conn.-based Axiom Real Estate Management Inc., a joint venture owned by IBM and Grubb & Ellis Co. "I was fortunate enough to have been on

the IBM task force that created this joint venture, so I was in the right place at the right time," she says.

"For my entire career I had worked for a large company, so this represented a rounding off," Callender continues. "In addition, it was a promotional opportunity: I was not a vice president at IBM, and with IBM continuing to shrink and shrink and shrink, there wasn't any probability that I was going to get there." At Axiom she signed on as director of human resources and soon was promoted to vice president of human resources.

Ellsworth, who formerly worked for the Tennessee Valley Authority, served as manager of marketing communications for Unisys' U.S. information-systems division before being laid off "at the height of the recession," he says. "In looking for another position, I targeted small companies because I wanted to be part of an organization that was growing and changing rapidly rather than a company that was holding back the sea. Unisys was fighting a retreat action, a retrenchment, basically solving growth problems by cutting overhead, people, programs, and property."

After a 15-month search, Ellsworth joined Bala Cynwyd, Penn.-based Assessment Systems Inc., which provides outsourcing services to state regulatory agencies and national credentialing associations. He has worked there two years as director of marketing communications.

Both find the differences striking; Callender sees them every time she visits the stockroom or types a letter. "At IBM there's unending inventory; you could never go into a stockroom and not find something like a white pad. Here, it may be missing from the stockroom on a particular day," she says.

Office supplies aren't the only resource in short supply. "Here I'll run off a letter on my own PC and *then* give it to my secretary rather than have her do the whole thing," Callender says. "Things that I used to take for granted, like graphics support in doing charts and transparencies, I now roll up my sleeves and do myself. I used to simply sketch out what it was that I needed and send it down to some graphics department; here I get my PC out and do the charts myself. They may not be as fancy, but they get done faster."

Increased speed shows up everywhere in a small organization. "A lot more of the cards are on the table," Ellsworth says. "You're immediately aware of what the factors are that are directly affecting your future and the future of the company."

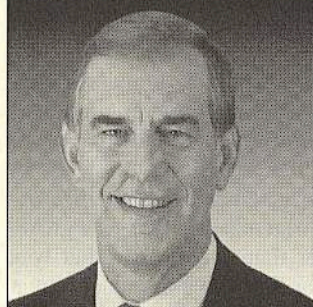
"In a very large company, you may not know the reasons why decisions are made at all," he continues. "At Unisys my job was often to do marketing communications to the field explaining why a decision was made or reorganization was done, but I wouldn't really know *myself* the real background of what I was interpreting for the benefit of the sales force." Now, he says, he has direct access to the information—and can more accurately convey it.

Similarly, Callender feels Axiom's small size allows her direct involvement and more responsibility. "As you work for larger and larger companies, more and more people have their fingers in the pie, and you lose the influence and control that you have over things. It's very hard to detect the kind of difference you make when so many of the functions are compartmentalized and so many people have a hand in."

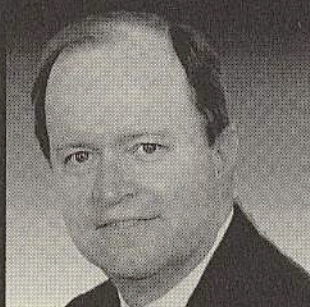
With fewer people involved in each decision, action is swift. "A story was told about our president and CEO," Ellsworth says, "that if he walked through one of the departments and said, 'Gee, I wonder how it would look if that wall was blue,' the next morning the wall would be blue. At Unisys, it might filter down through several layers of com-

mittee before it was ever considered whether the wall ought to in fact be blue.”

From IBM to Running Small Tech Companies



Larry Ford
System Software Associates



Bernard Puckett
Mobile Telecommunication

Beset with troubles commensurate with its size, IBM has seen waves of executives leave for other pastures in recent years. Many have headed for small companies.

After a quarter-century with Big Blue, Bernard Puckett last year was named senior vice president, corporate strategy and development. Then, he says, he decided to leave.

“I had been considering for the previous couple of years what I wanted to do when I grew up,” he says. “There was a time where IBM was going to go from one generation of management to another, and I was a candidate to be a key player in that change. But it worked out that I wasn’t going to run IBM, and as we tried to manage the problems of the company, I started thinking, ‘Do I want to do *this* for the rest of my life?’”

So Puckett, keeping in mind “the enjoyment that I’d gotten over the years working with smaller companies within IBM,” began looking for a company to run, and last January, Jackson, Miss.-based Mobile Telecommunication Technologies Corp. signed Puckett on as president and COO.

Puckett’s friend Larry Ford followed a similar pattern: He spent 28 years at IBM, ending as chief information officer, before leaving to become chairman and CEO of Chicago-based System Software Associates Inc. (SSA) in August 1991. “I got a call from a search firm one day, and they asked me how I’d like to move to Chicago,” he says. “Now, I had more than my share of moves and lots of travel with IBM; I’d lived in Tokyo for a couple of years. But they said, ‘Well, it’s an unusual search because the company’s founder has decided that he wanted to recruit somebody to come in and take it to its next stage of growth.’ So I pursued it and got to know the company and found out Chicago was a pretty nice city.”

Ford also found SSA a far tighter ship than IBM, with a refreshingly narrow focus: “What appealed to me the most about the company was its single, clear, straightforward mission—to build software for the industrial-sector market—and a clear vision of what was necessary, compared to IBM, a huge matrix organization with a very complex management system.”

At the same time, the smaller company is streamlined in other, perhaps less welcome, ways. “If you want to get something done at SSA, you’ve got to be prepared to do it, since there’s no staff,” Ford says. “I’d been here about 90 days when one Friday somebody showed up and said, ‘Here’s the plan for the annual report,’ and I went through it and said, ‘It looks good,’ and he said, ‘We’ll need your letter to the stockholders on Monday’—and I realized that if there were going to be a letter to the stockholders I was going to have to write it, as opposed to having a staff of marketing-and-communications people dream up what my letter should be.”

But Ford finds that self-sufficiency gives employees a sense of ownership necessary in, for instance, a concerted

Could You Be Happy in a Small Pond?

“There is life after the *Fortune* 500,” says Wallingford, Penn.-based headhunter R. Linda Resnick. But that life isn’t for everyone, and those unsuited for a small-company environment will find the inevitable surprises unpleasant.

Resnick’s new book, *A Big Splash in a Small Pond: Finding a Great Job in a Small Company* (Fireside), co-written with Kerry H. Pechter, lists 10 questions to help you determine how well you might fit into a small company:

- Could you tolerate not knowing where you might be working in two years?
- Could you type your own letters and in other ways be your own secretary?

- Could you work for a husband-and-wife team?
- Are you a stickler for bargains?
- Do you sleep as well in a budget motel as in a four-star hotel?
- Would you enjoy lunching with the same bunch of people every day?
- Can you pick up new skills on your own, without formal training?
- Do you think of yourself as a Jack (or Jill) of all trades?
- Are you comfortable hearing about others’ personal problems at work?
- Can you make a tough decision quickly and live with the consequences?

“The transition can be complicated,” Resnick says. “Some people from big companies who think

they’ll fit right into a small company run into trouble. They don’t realize how many resources they had at their fingertips. When they say they’re hands-on, they don’t realize there were a lot more hands in the next cubicle and elsewhere in the company.”

Those who will have more difficulty making the transition: anyone who is “too much of a specialist” or “too much of an executive,” Resnick says. “If you’ve been delegating your job for years and no longer know the content of it, that’s a problem. After all, if you’re director of marketing at a small company, you may have to create your own sales literature and build the trade-show booth yourself.” —**M.B.**

cost-cutting effort. "People identify with the success of the company and realize cash flow is an important element," he says. "So in meetings, we'll talk about what can be done to conserve cash, because there's a realization that if we don't conserve cash, we can't succeed."

From Big to Small Via Consulting



Phil Cooke
Consolidated
Communications



Lynda Welch
The New York
Legal Aid Society

Over the course of a career, many executives end up consulting, which allows one not only to run a business on his own terms but to scout out possibilities at other companies. Phil Cooke and Lynda Welch both signed on with clients, small companies that seemed extraordinarily attractive.

Welch spent five years at Stamford, Conn.-based Pitney Bowes, ending as director of human resource planning and placements, before the inevitable occurred. "With the decentralization of the organization, my position was eliminated," she says.

Then "I set up my shingle and did some consulting work, for large companies as well as a not-for-profit. And when I was working for that not-for-profit, I really felt excited about getting back to the level of interpersonal skills that you develop when you're working in a small organization. So I decided to see what was out there in the smaller world." Welch wound up director of work-force diversity and staffing at The New York Legal Aid Society.

Cooke took a more circuitous route to arrive at Consolidated Communications Inc., working for several corporate giants, ending as senior vice president of human resources at US Sprint. On his own, he founded a consulting firm, "just to not be so dependent and vulnerable to the market." One client was Consolidated, whose president had been one of Cooke's bosses at Sprint. "After consulting a year-and-a-half, he said, 'I can't afford to keep having you consult.' So I joined." He's now vice president, staff operations.

Cooke sees pros and cons in the lack of bureaucracy at the 1,300-employee Consolidated, the country's largest privately owned independent telephone company. "The principal difference, on the positive side, is a lot less politics, a lot less ceremony, a lot less distraction with forms and signatures," he says. "On the other hand, part of what a growing organization needs is a little bit more discipline and structure, and you don't have as much of that."

Another drawback: Small companies can't afford the same level of tiered expertise. "A level-one programmer for me may not have any experience at all; I may literally have to train him," Cooke says. "At Citibank, I was able to pay more and get someone with more experience, and not have

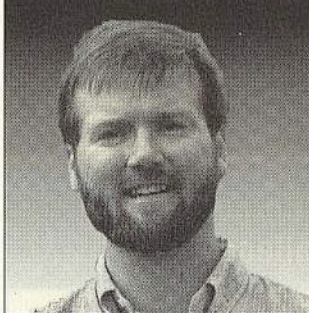
that really impact the business from a cost point of view." At a small operation, every dollar will show up someplace.

Cooke has found one real benefit, however, in a small staff: less internal competition. "I'm starting a systems business for the company—we're going to try and launch a boutique service bureau to the telecommunications industry. In a larger company, it's not as likely that I'd get a shot at doing something like that, because there's probably someone else who can maneuver in and has better experience."

Interpersonal relations, in fact, have eased considerably for Cooke in terms of office politics. "I certainly feel like there's a lot more loyalty to me here than I did at any of the large companies I was with," he says. "I feel like I'm sparing less with folks, and there's just less anxiety over who said what, what meetings were you in or not in, what are we trying to get done." But as usual, the level of openness that comes with fewer people has a downside.

"In a bigger company, if you don't get along with someone, you can be much more patient and say, 'The company will reorganize and this guy will go away, or we won't have to have so much contact.' In a smaller environment, when you get into those conflict situations, discomfort situations, there isn't that kind of hope," Cooke says. "You've got to figure out a way to work it out. Otherwise, you're going to be miserable, or you won't be effective."

From Large to Startup, Just by Choice



Will Messenger
Advanced Metabolic Systems



Francine Carb
Quantum Development Corp.

Will Messenger and Francine Carb are characteristic of many young executives who become frustrated early in their careers and head for smaller companies.

Four years after IBM recruited Messenger out of college in 1982, he decided to leave. "I became convinced that IBM was not looking for people who were generalists," he says. "They think they don't pigeonhole people, but they do. There were 10,000 sales reps, and none of us ever met anyone outside of the department." Messenger took a leave of absence, went to Harvard Business School, got an MBA, and landed a job with New York-based consulting heavyweight McKinsey & Co., which, though it paid well and was "intellectually challenging," left him without "the feeling of much accomplishment."

When a friend from Harvard called with an offer from "a very small company of three or four people," Messenger's ears perked up. "The company was founded by a doctor who had developed a new procedure for treating diabetes, and they had taken it to a point where the technique was devel-

oped, and it was time to turn it into an enterprise," he says. "So they were looking for a couple of people to do that and they said, 'Why don't you come in and be the vice president of sales and marketing?' And it just sounded so interesting to build a company from the ground up that I did it." He's been at Milford, Conn.-based Advanced Metabolic Systems Inc. for three years.

Carb spent four years at a Baltimore office of Control Data Corp. and five years at Unisys, where she ended as head of marketing at a small division. Then she quit the big-business world for good. "I think certain people end up being misfits in a big organization," she says. "I like a lot of attention, and I like to own the projects I'm working on, and I like to have control of things."

She consulted for several small companies before spending two-and-a-half years as director of marketing for Malvern, Penn.-based Rabbit Software Corp., which earlier this year was sold and closed. Carb recently took a temporary marketing-consulting job with Quantum Development Corp., a software startup based in the "eccentric" founder's Claymont, Del. house. If the company is able to attract venture capital, she says, she'll sign on full-time.

"Small companies are prone to faster failures and faster successes," she says. "A small company can leap forward very successfully, but it can close down much more easily. The risk at a large company is that some whole division is going to be closed down; the risk at a small company is that either the president doesn't like you and you're out of there, or the whole company closes down."

Even so, Messenger says, he won't return to a less-volatile business world. "I've developed the ability to not just carry on a role that's already been defined but to *build* something."

tail planning.

Striking out in different directions—"I hadn't been on the job market in 20 years, hadn't interviewed in 20 years"—Monnich found a spot in September 1992 as vice president of consumer banking at Valley Forge, Penn.-based Commonwealth Federal Savings Bank. "When you have 20 years of experience under your belt, you start, in quiet moments, wondering how marketable your skills are," he says. "But it took the acquisition of my institution to force me to sit down and to review carefully what I wanted to do with the second half of my professional life."

As director of headquarters personnel and manpower planning, Bennett had worked for United Brands, now Chiquita Brands, for nine years when the company announced its relocation to Cincinnati. "I didn't want to move to Ohio, so I decided to stay in New York and do something on my own with a small operation," she says. "I didn't think that I could find another multinational quite as interesting as Chiquita, and I wanted a chance to really see what I could do on my own without a big company name behind me."

She's now a vice president at Battalia Winston International, an executive-search firm, and gratified to be the master of her own destiny—though she has had to learn a new work style that requires labor-intensive methods of gathering information. "You have to be more resourceful in collecting the information that you need to get your job done," she says. "You learn to develop relationships with consultants who have information that you may not have. You learn to develop relationships with bankers and lawyers and accountants."

In addition, she says, "you need to have a wide variety of skills yourself; the more diverse your own personal skill bank is, the easier you'll find the transition to a small company. If you have been a specialist in a large company, it may be very difficult to make that transition."

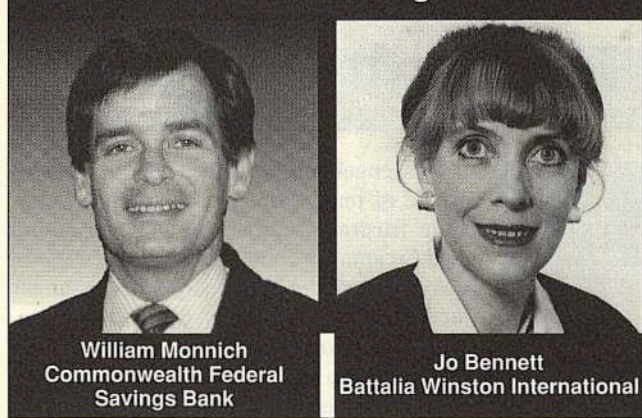
Monnich finds the independence—and added responsibility—refreshing. "A smaller organization looks to you to provide insight and address the positives *and* the negatives, and more times than not you're asked to make decisions in a more independent fashion," he says. "That isn't to say that you're totally alone, because certainly we have an opportunity to exchange points of view. But there's a higher degree of independence of action, which means that if things are going well, and the direction you're going in is yielding good results, then of course, you're there in the forefront, which is very gratifying."

Some who hail from more layered companies may find that independence a mixed blessing, Monnich says. "As an organization gets larger, many times the decision-making process slows down, and there's a little bit too much collaboration for some people's tastes. There are a lot of opportunities to exchange points of view and to play one opinion off another, so when you're making decisions you have that assurance that the greatest minds of the organization have thought and pondered, and you feel more confident about where you're going to go."

"Many people find it a frightening proposition to make that quantum leap from being a piece of a larger talent pool to a place where talent is concentrated in fewer people."

But despite his positive experience with Commonwealth, Monnich has had little success winning over former co-workers. "So many of them are unhappy, and so few are willing to take the risk of moving," he says. "The prospect of being responsible and standing naked scares the pants off of them." ■

From Changing Corporations to New Challenges



William Monnich
Commonwealth Federal
Savings Bank

Jo Bennett
Battalia Winston International

Sometimes a company undergoes changes that make staying untenable. When William Monnich and Jo Bennett decided to leave their employers, they headed for smaller environments that better matched their personal styles.

For 18 years, Monnich worked in the Philadelphia area for "a nice-sized financial institution that then was acquired by a larger financial institution." Over the next two years the parent company moved Monnich from position to position, four in all. When he finally left, his official title (he thinks) was vice president for re-