

**Lesson from the Top:  
Setting the vision, giving stability: the CEO's human touch**



**This Eric Salmon & Partners, 'Lessons from the top' is a thought leadership article based on an interview by Simone Maggioni with Thomas Schulz, Group CEO of Bilfinger, leading international industrial services provider group with the aim to increase the efficiency and sustainability of customers in the process industry.**

**SM: I would like to start our conversation with your role as CEO and your relationship with the various stakeholders; are there trade-offs among them, especially between shareholders and the other stakeholders?**


**TS:** When I look at the role of a CEO, as a graphical oriented person, I see it as keeping the balance in a triangle. On one corner of the triangle you have the shareholders. On another corner you have the employees and your direct reports -the whole organization you stand for; and on the third, you have the customer. The task of the CEO is to keep it in balance so that not one side gets too much at the cost of the others.

This task today looks completely different from 20 years ago, or since the financial crisis. The role of the CEO is in permanent change, because of what happens around. The world around the CEO is changing and the CEO needs to adapt to that. And those three dimensions are key: the shareholders, the customers, the employees.

When you look at the younger generation, they are more into what is behind a job. Their questions are, what do I contribute and what is the overall purpose? Does the job lend to my lifestyle?

Employment contracts are probably the same today as before, but what the younger generation sees in a contract is different. It's a bilateral agreement between a boss (the leader) and the individual. Individual to individual.

It was the financial crisis that impacted our cultural environment, how we manage the environment of the business. The financial crisis has increased the volatility of unexpected changes and, in many areas, the financial crisis was never over. The CEO has to work with that volatility and try to be ahead of it. You will never be fully right, but at least you will bring stability, leadership, and guidance into your organization, that's very important.



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**SM: Is there any specific dimension of culture that you want to change to make the organization even more successful?**

**TS:** If the CEO comes from within the company then you have some sort of stability in the cultural shift and change in a company because normally people continue with a similar agenda. If the CEO comes from outside, they come with a different cultural background. They don't know the history of the company. They don't know the informal network and most probably they have been recruited to make change happen. Then the question is how much change you do and what do you want to change?

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My advice to someone who wants to be CEO in another company is to communicate with your future Supervisory Board well before you sign a contract, to understand what changes they have in mind and what changes you want to do. Because coming from the outside it's easy to judge but you can be wrong. I would guess never 100% wrong and never 100% right, but it is actually better for the company and for the CEO to be more than 50% right.

However, trying to change culture should not be the main purpose. It should be the result of what you want to do and how you do it. You just don't come into an organization and order a cultural change there and then. You come in and you define where do we want to go, what do we want to be in the future, what is the vision. So that everyone, if you work that properly, has to agree with it. Setting the vision is very important.

**SM: How do you get the sense that things are working out?**

**TS:** It sounds a little bit odd, but when you come into a company, you are in a tunnel, you bring your experience and your competence. But it is important to be mindful to read the people and the organization, don't get carried away. You can be as smart as you want but you will never see everything and really understand it correctly. In my case, it was clear we needed an updated strategy. What is our vision? Why are we a company? These were the questions, and some people really looked at me and said, what is he doing? Why is he not in his office and just does his work and improves projects? I said, guys, no matter which decision we take, we have to get the people behind us before we do it. If we don't get the people behind us, we can make decisions as much as we want but they will not get realized. How the strategy will be is not so difficult when you know your vision. Once the vision is clear, everything else comes automatically in it. The realization of it is actually the most important part of it. You can Google the strategy, you don't need a consultant. The first real big thing we did was to create a top team we called “Team 12” to develop our vision and the strategy, and then the culture followed.

**SM: What drives people to buy into the vision?**

**TS:** You need to ask yourself why people may be reluctant. Try to sit in the chair of a regular employee. You have a family. Some families have more problems, some have less.


Then you have the environment crisis, Ukraine, corona, inflation, geo-politics, whatever. Many things happening which are disturbing from a private point of view, call it “uncertainty”. Then, your employee comes into your company and the company -once again, has a new CEO and he -once again, would like to make changes. As CEO you have to work with this reality and you need to be truly involved, transparent, don’t lie, communicate frequently and consistently, and be a role model. Show the people the truth. And when it’s tough and hard, just be honest. They don’t like you for that but we are not paid for being liked. The worst case is when people think that you lie. Then you add another level of uncertainty to them besides what they already have, and then you certainly lose their motivation.

During our top executive team meetings, we want to send stability. Whatever we do, we know why we do it and we know where we want to go. This is the minimum our people deserve from their managers. We have to give stability; if we don’t give stability, who does?

**SM:** *This is a great concept. Could you elaborate a little bit on the concept of stability, because it could be contradictory to change.*

**TS:** Stability is when people see there is a decision coming, the change is transparent and has a purpose. For example, when we launched the “efficiency program”, we knew people would not applaud us for that, and some would try to figure out what is wrong and

push back. So we explained, at large, why we would do it. Using data, some industry benchmarks, and the how, the process; then, we always offer something in exchange, we invest part of the efficiency gain into more training and education. We told people that we were going to save some money and part of it would be injected back in the company for better education, as recognition for their (the employees) good job.



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So stability does not mean that you don’t change, it means that you are transparent, that whatever you do, people understand the purpose behind.

**SM:** *So it takes a lot of persuasion and a lot of communication.*

**TS:** Definitely. But don't think of it as a stand-alone, specific task. Think of it as an overarching continued effort, whatever you do, you have that in your mind, the underlying message must fit with what we want to achieve.

**SM:** *And probably develop even a language, words and concepts that are repeated and used consistently*

**TS:** Indeed. For instance, I don't like the "N" words: no, not, never...

Germans tend to describe something positive with two negatives, so you have two negatives to describe one positive. My communication department pays a lot of attention to this aspect and when we make a press release for example, we use positive for positive. Another important aspect of communication consists of calling a problem a challenge or an opportunity. Imagine we lost a customer contract, don't focus only or too much on the bad side of it, try to identify if there are positive aspects: perhaps that was unprofitable business; perhaps we have more time for other current clients. The point is, try to motivate your organization; yes, we have lost a battle, but we will actually win the war.

You have to give people the confidence that you work with them. And you give them a chance, the opportunity to grow into their role. They may criticize me for the changes I make, but they can't criticize me for bringing in my team, my old buddies, because I didn't. We all start here, together. That's a big, big part of the change process.

In a recent interview I did with the Frankfurter Allgemeine Sonntagszeitung, talking about leadership, I explained the concept of flipping the organization chart by 180 degrees, so that you put yourself at the bottom of the pyramid. That puts you in the position to ask yourself: what can I do to enhance the performance at the top, where are the blue collars. Are we doing things that really support the frontline?

**SM:** *How does that exercise impact the ego of a CEO? Does that mean that the future CEO should show less ego, be more humble?*



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**TS:** If someone has a big ego or not is how you grew up. I don't think that the ego actually is a criteria for success. As CEO you need self-confidence. If you define ego with self-confidence then it is not the problem. The point today is that given the complexity and the constantly changing environments, you need many different skills, and I don't think there's anyone so

intelligent that can do it all. So you have to be a team player. If I can do better than the people in my team, why do I need them? That is why I am a big fan of the difference between a manager and an individual contributor, an expert. You can't be expert everywhere, and for

that you have a manager who is able to work with many experts and other managers that do the right thing as a team.

That is why I'm so against hierarchy. Maybe because of how I was raised, but mainly because I started to work in Scandinavian companies. Hierarchy is a fantastic tool to hide. When you give an order as a CEO and someone doesn't follow, then you have no alternative than to fire that person, because as a CEO you can't allow people think you are weak. Better is to try to get people with you in a way that they make the right decision, and they anticipate it as their own decision.

***SM: How does the Board of Directors, the Supervisory Board, fit in your concept of an upside down organization chart, in which you don't believe too much into hierarchy?***

In accordance with the legal framework, the Executive Board operates and manages the company on its own responsibility in its best interest. The Supervisory Board provides guidance and oversight to the Executive Board, including the authority to appoint and dismiss its members. It serves as a crucial sounding board.

So the Supervisory Board is a group of experts which reflects on what you do as the Executive Board and helps you to make the right decisions and follow up with you. It is an active working group, working with you to understand where you lead the company, giving feedback and input and from time to time they have to approve it. With this, the Supervisory Board and the company give confidence to the capital market and to the society that the company is doing what they say and in line with the law. In general, the Supervisory Board is a statutory body with a superior supervisory function. Its responsibility is to contribute to the sustainable growth and development of the company for the benefit of all stakeholders.

The relationship between the Chairman of the Supervisory Board and the CEO (which must be two separate individuals) is crucial. A collaborative model also builds mutual trust, which is essential for the management team to keep the Supervisory Board properly informed.

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