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Companies Need A Shared Language For What Good Leadership Looks Like

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Wolfgang Sauerzapf



Dr. Anastassia Lauterbach

Managing Director EMEA The ExCo Leadership Group, NED, Professor for AI, Public Speaker and Writer, Leadership Coach

Wolfgang Sauerzapf, a veteran business leader and board director, shared his key leadership lessons with me and my colleague, Adam Bryant, managing director of The ExCo Group.

Lauterbach: What have been key lessons that you've learned as a director?

Sauerzapf: When you start out as a young director, you have a lot of respect for all these important people you meet. But after three decades of serving on boards, you realize that all these people are human. They are replaceable. They all have their strengths and weaknesses.

The second lesson is that it's so much fun working with talented people, and seeing how they can grow and develop. Yes, they fail sometimes, but it can be very rewarding to see people step up into bigger roles and succeed.

Bryant: Is there a role that you typically play on a board, in terms of the questions you ask or the expertise that you bring to the table?

Sauerzapf: I try to be as neutral as possible and see the whole picture. Sometimes a board meeting is like a circus. You have lions and tigers, and sometimes people will try to be aggressive with others. Part of my job is to understand the roles that people are playing and want to play.

Are they lost sometimes in their role? Do they need to be pushed out of their very subjective opinions in order to understand the big picture?

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like a circus.*

I love to speak up in meetings and say, “Hey, you’re lost. That’s not the right line we need to follow. We only have two more hours for our board meeting, and you are lost in the nitty-gritty.” So I often play this role of staying at the 30,000-foot level to understand what’s happening and what we want to achieve.

Lauterbach: Any lessons from your first experiences presenting to boards as a member of management teams?

Sauerzapf: You learn as you go. You have your 20-minute slot, and you have to be able to handle the tough questions. I remember, when I was much younger, being in a board meeting to discuss why a huge and very costly acquisition had failed. These are lessons you never forget, and once you’re on the other side, you remember that the person presenting to the board is probably nervous but they know their subject. They should be respected.

Bryant: How do you think about the differences between private and public boards?

Sauerzapf: Over my career, I’ve had a lot of exposure to family

businesses. I would say there is less positioning in the boardroom. You don't need PowerPoints. You can be more direct. In other kinds of boardrooms, you might have long strategy sessions with discussions of macroeconomics and competitive analyses and a lot of debate.

Meetings are often much shorter in a family business. On the other hand, because of the personalities involved, ideas you might want to fight for can get killed quickly.

Lauterbach: Family businesses sometimes struggle with transfers of power.

Sauerzapf: It's always difficult. I rarely have seen smooth transitions. Very often the patriarch or the older generation struggles with letting the next generation take over. The advice I often give them is to get a very neutral view of the capabilities of the next generation of family members, then bring them on board with mentors and others who can help manage the possible conflicts between the older generation and the new one, and also with the rest of the leadership team.

Bryant: What due diligence do you do before you decide to join a board?

Sauerzapf: You have to do research to understand the industry, and the challenges the company is facing. Is it in a restructuring phase or is it under heavy financial pressure? I'm also a huge fan of making sure I understand the dynamics among directors before I join the board. I've had bad experiences with conflicts in teams that I don't want to repeat. I don't mind have tough conversations to work through difficult

challenges. But I'm not interested in politics or people playing games to advance their personal agendas.

Lauterbach: What are the X factors that you look for in CEO candidates?

Sauerzapf: I prefer internal candidates. So if there are three candidates that are roughly equal based on objective criteria, I will have a clear preference for the internal candidate because you know them better. There is more uncertainty with external candidates, particularly because you don't know how they will fit with the existing culture.

Talent management and succession planning are key priorities.

I've often seen in my career that somebody may have the technological know-how or other business competences, but the cultural aspect outweighs everything else. And I want to know how this person treats other. Are they respectful and humble? Do they listen? You need a certain skillset and knowledge, but culture and chemistry are very important to me.

Bryant: What do you consider one of the most important challenges facing HR leaders today?

Sauerzapf: Talent management and succession planning are key

priorities. And that starts with making sure the leadership of the company has a shared understanding of what good looks like in terms of skills and qualities of future leaders. You have to make time for that discussion, so that if the CEO says, “That’s a great production person,” or, “That’s a great salesperson,” everyone has a clear understanding of what that means.

Organizations rarely take the time to do that because it’s time-consuming. So I’ve seen companies make decisions on a key management position just based on one person’s opinion. Establishing that common understanding is important.

Lauterbach: What were important early influences for you?

Sauerzapf: My father worked in a factory, and I was the first in our family to go to university. I always felt responsible for what I was doing, because there was nobody to back me up, or help with connections. Growing up that way makes you fully responsible for what you do.

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