Kerry Hatch Leadership Lessons | ExCo Insights

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In this series, we explore some of the most important lessons and insights from our executive coaches and mentors.The ExCo Group executive coach and mentor Kerry Hatch, former President of American Express Small Business and Starwood Luxury Brands, shares her lessons, including the importance of truly understanding your competition's strengths and weaknesses, creating short cycle times that yield rewards, and staying open to the "art of the possible."

KEY LEADERSHIP LESSONS

Lesson number one is really a process. You will drive superior shareholder outcomes if you truly know what your customers need, understand and exploit your competitive advantages, and create a team of happy employees. It is a cycle, and every part of it matters. I was blessed to learn that early in my career from some leaders and to work in a business system where that approach was reinforced and rewarded.

I think people often undervalue the importance of understanding your competition's strengths and weaknesses so that you can better compete against them. I moved into a role at American Express, where I was in charge of customer acquisition for the consumer business. When I took over, the numbers were way down, and I quickly learned that we were playing everybody else's game, not our

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game, which was more aspirational and emotional.

We eventually launched the American Express Blue card with a chip in it—very aspirational at the time—and a co-branded card for Costco, which led to a quick and sharp turnaround. The lesson was that we played to our strengths and took advantage of our competitors’ weaknesses. You have to focus on just two or three things and then execute the heck out of them. You need to be able to fit your strategy on just one page because otherwise, nobody knows what to do when they wake up. That’s how you win.

The second lesson is that cycle times matter; the shorter, the better. Long cycle times can cause problems, such as the time it takes your company to formulate a strategy, hire someone to fill an important role, and even give people feedback. Every business has issues like that. I saw the problem first-hand when I was in that customer-acquisition role at American Express, and I found that it took us weeks to approve a new customer for a card when it should have been done right away.

We completely shortened the cycle time and improved the customer experience, so early attrition dropped dramatically. And remember, your people know what to do. That’s the beauty of it. You just have to go to the people doing the work and ask them how they would change it. They’ll tell you.

WHEN I COACH CLIENTS, WE OFTEN TALK ABOUT…

A big theme is building an A-plus leadership team. I’m continually surprised when I’m working with clients, and we quickly assess their direct reports, rating them A to D. That’s when you see the disconnect—they have these hugely ambitious goals, yet they have a B or B-minus team. And yet, it’s very hard for leaders to make some of the changes they need to make to their teams. Then I’ll press my point about short cycle times and follow up often about whether they’ve made progress about making decisions about people.

Leaders are often reluctant to make changes because they will rationalize that an under-performer’s good qualities outweigh the bad. But you simply can’t have an individual who is more important than the rest of the leadership team.

Another reason for their reluctance to act is that they can’t visualize an alternative to the person in the role now. So, I encourage them to start talking to people and take advantage of their network so that they can understand the “art of the possible” in terms of talent. You simply can’t allow a lot of dysfunction to occur in the team because of one individual.

Another big theme is focus and organizational capacity. Companies can only really do three to five things well. Your job as a leader is to figure out what matters to get the organization to focus and ensure it has the capacity to deliver on the strategy. And an organization’s capacity can change over time. If you’ve got the A-plus team, you have more capacity. If you have the B team, you have less capacity.

That’s why it’s so important to have clarity around the one-page plan so that the organization can focus on what matters. That includes getting people to stop doing things, but that’s a much harder job because people just grow their own weeds on their own patch of the company. So, focus on the 80-20 rule. What’s going to really drive the outcomes for the business, the shareholders, and your employees? And then, how do we remove everything that’s in the way?