



EXECUTIVE REFLECTION

## On leading change: A conversation with Bill Glavin of OppenheimerFunds, Inc.

John Beeson

*Principal, Beeson Consulting, Inc., New York, NY 10023, U.S.A.*



William F. (Bill) Glavin, Jr. has been Chief Executive Officer of OppenheimerFunds, Inc. since January 1, 2009. Headquartered in New York City, OppenheimerFunds, Inc. is one of the nation's most respected asset management companies with over \$180 billion in assets under management, held in over 11 million shareholder accounts. OppenheimerFunds, Inc. is a majority owned subsidiary of MassMutual Financial Group.

Prior to joining OppenheimerFunds, Mr. Glavin held several senior executive positions at MassMutual, including head of the U.S. Insurance Group and CEO of Babson Capital. Before joining the MassMutual Financial Group, Mr. Glavin successfully occupied various senior management positions at Scudder Funds, Dreyfus Corporation, and Proctor and Gamble. He is a graduate of the College of the Holy Cross.

### 1. John Beeson makes the introduction

In today's dynamic environment, consultants and academics write volumes about the importance of change management and promote various models for introducing change. However, we hear much less from the senior leaders responsible for change in large organizations: how they think about change and the ways they go about it.

I recently spoke with Bill Glavin, CEO of OppenheimerFunds, Inc., a large asset management company and unit of MassMutual Financial Group. Over

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*E-mail address:* [john@beesonconsultinginc.com](mailto:john@beesonconsultinginc.com)

the course of his career with companies in very different businesses, leading change has been a constant area of focus for Bill. For example, prior to taking over at OppenheimerFunds, Bill was asked to head MassMutual's large U.S. Insurance Group—although he had no prior experience in the insurance industry. He became CEO of OppenheimerFunds in January 2009, just as the full effects of the financial crisis were being felt. During the course of our discussion, I asked Bill to not only describe his playbook for leading change, but also how he selects and guides his management team to accomplish sustainable change.

## 2. Bill Glavin: The senior leader's first step

"An executive's immediate responsibility is to articulate the 'burning platform;' that is, the rationale for why change is necessary. When I joined OppenheimerFunds, the company had suffered a 25% decline in revenue due to the recession. We were in a crisis situation and needed to change right away; we didn't have the luxury of time. We also had to make rapid decisions and be right 90% of the time. The situation with MassMutual's U.S. Insurance Group was different. There, I capitalized on people's frustration that we weren't growing fast enough and used that as the rationale for change. That, in essence, was our burning platform."

## 3. On selecting and engaging the leadership team

"To successfully lead change, an executive needs a management team willing to initiate change and help the whole organization learn to change. A leader needs to put the right team in place as quickly as possible. A rough formula I use is one-third, one-third, one-third: a mix of new people; talented people from inside, promoted up to the leadership level; and people from the old team to make sure mistakes of the past aren't repeated. At OppenheimerFunds, after my first month of meeting people throughout the organization and gaining insight regarding key problems, I took the top 30 people offsite to generate dialogue and probe our major issues. At the 60 to 90 day mark I brought the group together again, and we worked to create priorities for change, for a new direction. In our team meetings, we want arguments and discussion of meaty issues. The opportunity for team members to challenge each other builds bonds and gets people on the same page. As the leader, I try to develop

a broad outline or general vision and use it to select the right people, and then let them help flesh out the details and execute the plan."

## 4. On guiding and supporting staff

"Once the new team members are in place and the plan is agreed to, I meet with each direct report every 2 weeks and try to keep a light hand on the tiller. I'll nudge some people to be more aggressive and try to slow down others who are moving too quickly—getting out ahead of the rest of the company or wanting to make radical changes to their organization—since that usually doesn't work.

In coaching my team members, I give people credit for the upside achievements but try to share the downside risk. You want to infuse each individual with the sense that you've got their back, that it's a shared decision so they don't feel sole responsibility for any failure. I want them to be aggressive about the change we need to make; I can't have them fearing failure.

If my people want to do something that I don't agree with 100%, I'll share my concerns and ask them lots of questions to be sure they have their plans thought through. However, I tend to let people move ahead with their ideas, because I want them to be working on things they are passionate about rather than things that I want them to do. If they want to make a change I believe will put the firm at risk in some way, then I'll put my foot down and say no, but that's very rare. More often than not, you can correct course if there's a problem."

## 5. The biggest mistake managers make

"Many managers adopt a heroic view of themselves and fall into the trap of thinking, 'As leader, I have to make all the decisions.' The organization has to learn how to change for change to be sustainable. I resist telling people what to do since the team has to create the answer. Instead, a manager's first question should be: 'Do I have the right people who will embrace the vision and are willing to make difficult decisions?' The team needs to communicate and drive the change so that a wave sweeps over the organization and can't be stopped."

## 6. The attitude of a change leader

"As a senior executive, you must have a lot of confidence in yourself, a comfort that things may or may not work out, and a willingness to take

personal risk and not be afraid of the negative consequences. There's one thing I learned from my father [a retired corporate executive]: you need to have fun at work, to add value, or you need to go somewhere else. The moment you're afraid to lose your job, you're not effective. If you're anxious, you become defensive and won't make difficult decisions. I want to give my people the confidence and freedom that allows them to be aggressive."

## 7. John Beeson: Final observations

My conversation with Bill Glavin reminded me of the misconceptions some senior executives have about leading change, as well as the fundamental requirements. Some leaders try to initiate cultural change without a clear, compelling business imperative, and that's usually a recipe for failure. Other executives equate communicating a new direction or organizational agenda with leading change. Communication is a large component of introducing change, but it's not the whole deal. Consider the cautionary tale of a Chief Information Officer at a large financial services company. He received strong feedback from the CEO and his peers that his Information Technology organization had become bureaucratic and out of touch with the needs of its internal customers. Time and again, he tried to communicate his desire for change to his troops, without noticeable effect. Although a sterling individual, he lacked the managerial courage to set expectations and make the required changes within

his staff—the 'heavy lifting' of change—and was ultimately asked to leave the organization.

As Bill points out, an executive must be thoughtful in putting together the management team so it's one he or she can rely on to drive change throughout the organization. A leader must be able to strike a fine balance between unleashing change with a clear goal in mind while simultaneously trusting his or her team to make the right decisions along the way. Bill's comments reminded me of something Brad Anderson, then-CEO of Best Buy, said a few years ago. We were discussing the qualities and skills he looked for in selecting the company's senior executives. Among other skills, he sought executives who had the wisdom to know when the organization needed to be fundamentally changed and shaken up, and when the organization needed time to focus on incorporating prior changes. Often, staff at Best Buy—as in many other companies—were anxious when a leader initiated significant change without all the specifics spelled out. However, for many executives, that's exactly the point: launching a major change unleashes the organization's creativity and helps overcome the tendency toward ossification and perpetuation of the status quo to which companies become prone over time.

Bill Glavin told me that his 'story' as an executive has been the ability to lead change. Given its constancy in virtually every industry, it is important for a leader to understand the dynamics of change and to have a playbook for leading change—one strong and flexible enough to apply to the range of business and organizational situations you'll face in the course of your career.