

The 5 Most Common CEO Problems: Creating Strategies to Overcome Any Roadblock

By

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Common Issues

The goals of the CEO are to bring capital and new business opportunities into the company and to meet the objectives of the board of directors. The CFO accounts for everything that happens in a company, but the CEO is responsible for making it happen by bringing in revenue.

Cash flow is a challenge in most companies on an international basis. When people say that they're going to pay you, they often don't. A project might take two years rather than one year because of the culture or the local economy.

In the United States, we are used to a certain schedule. We know when we're going to get up in the morning, we know when we're going to work, we know when lunch is, and we know when dinner is. We go to a different country and they don't eat dinner until 11 p.m., or they eat lunch at 3 p.m. We have to be flexible and observe local customs to be successful.

We have to get used to the way people work. If they say they're going to do something, they don't always mean that they are going to do it in the way that you think. If we agree to meet at 6 p.m., it's fine to show up at 9 p.m. in some countries.

The heartbeat of any organization is cash flow, and what people tell you externally is not always what happens. You plan, you program, you staff, you do the job, and then you wait for the check and it doesn't come, or it arrives much later than you anticipated. One of my jobs as a CEO is to make sure that this doesn't happen on a consistent basis. We have backups in international banks as well as backup equity sources to smooth out wrinkles in cash flow.

Having multiple sources of equity means that we have investor confidence. At a public company, investors need to have confidence or they will sell their stock, which results in stock price decreasing and the company lacking the wherewithal to accomplish its business plan. Communicating with investors and analysts is very important. People need to understand where you are and where you're going, through good times and bad.

Another challenge is the turnover of people within the business. We have incentive plans to keep people loyal to the company and to keep them motivated to work on our objectives. If people leave, they can take business and even other employees with them. Maintaining a happy family is an important piece moving forward.

When you acquire different companies, merging corporate cultures is a challenge. You're essentially marrying into a new set of people and a new set of beliefs. Differences can be as simple as paying on a weekly basis versus a monthly basis. Suddenly the new company's employees are not getting paychecks when they expect them, which leads to a whole host of problems.

New market opportunity is also a challenge. We have to decide which markets to enter, which opportunities are best for us, and where to put our dollars. We research, assess new opportunities, and assign risk. It's not unlike a horse race. We do our research, put our money down, and we hope we chose the winning horse.

Overcoming Problems

We are a public company. We have different investors who buy stock directly from the company. We also have investment banking firms that can raise money for different projects with reasonable notice.

We tap a lot of different people for technical research. We publish papers, we go to seminars, and we write press releases. We make a lot of noise and people pay attention. We're active in looking for opportunities, and we also have people come to us with opportunities.

We're trying to save the world in terms of cleaning up contamination. We can double food production for every person on earth. We have a humanitarian cause, which attracts a lot of attention.

Corporate Scrutiny

Increased corporate scrutiny and rule making, particularly the Sarbanes Oxley Act, consumes 40 percent of my time. It has taken away from my business development time, my lumpy capital solving time, and my investor-relations time. I end up reading books, going to seminars, and making sure that all of my people are filling out the right forms so that the government is happy. Unfortunately, this has an impact on shareholders' expectations and reduces the time that we can spend actually doing business.

There are so many rules. A lot of rules apply across the board regardless of the size of a company. This ends up killing small companies. Large companies can hire managers and spend a lot of money dealing with compliance, but small companies can't. Spending time dealing with government paperwork takes away from accomplishing what we need to accomplish.

Compliance

Compliance is a problem in 90 percent of companies. You have to answer a question about whether all of the proper controls are in place so that everything is reported fairly. Each company has its own understanding of what that question

means. A \$100 billion company has a different understanding of what it means than a \$5 million public company that doesn't even have a chief information officer.

Technically, each company is supposed to have its computer system analyzed by an outside party to make sure that it is secure, but a lot of companies can't afford to do that. Under the new rules, CPAs can no longer answer accounting questions. They can only tell you that your reports are presented correctly or that they're not. You have to hire a second CPA to tell you why the first CPA made that comment. The effect is that small firms are getting pushed out. Big firms can afford the overhead. Since most of the originality in this country comes from small business firms, innovation is being stifled because of government requirements.

In the coming years, the percentage of companies that have a problem with compliance will increase. On the other hand, I don't think we will see Enron and the WorldCom bombshells happening anymore. They've effectively separated the accountants and the companies, and the responsibilities and accountabilities. People know what their roles are now. Before, it was very nebulous. Arthur Anderson was doing multiple things for multiple companies, and nobody was taking them to task.

Common Roadblocks

One of the largest management team roadblocks that a company can encounter is being unable to make a decision. There is an old saying in our industry that time wounds all deals. The longer you take dealing with something, the more likely an opportunity is to pass by.

I try to hire people who can make a decision and quickly assess a problem or an opportunity. I need them to decide whether something is right for us and then work within authority to get things accomplished. We prefer to be lean and mean.

Future Challenges

In the coming year, there will be new market opportunities in international companies. Labor is being outsourced outside the United States because of the cheaper labor structure. That puts more pressure on CEOs to be price competitive, and competitive in general.

Finding resources and opportunities, putting them together, and understanding the business models will be a challenge over the next few years. We're becoming a world economy. No longer do we sell GM cars just in Detroit. GM cars are sold in countries around the world. Taking advantage of opportunities and meeting the needs of multiple types of customers requires expansion of internal management and an understanding of products and how to deliver them.

Technology and CEOs

Integrating systems in technology is straightforward. Protecting technology and your database is more complicated. It's easy to take a list of e-mails off your laptop every night. The CEO doesn't have much control unless there are significant restrictions on each person's ability to access information.

I suspect that white-collar crime using information services is going to increase. I spend a lot of money making sure that hackers don't get into my e-mail and databases. Protecting technology becomes almost as important as developing technology.

On a positive note, technology allows me to have less people and accomplish the same or more. Internet business has been excellent for us. We get leads from all over the world on our Web site, and we've gotten millions of dollars in jobs from Web contacts. Technology and the awareness of the Internet have helped spread our business to places that we never would have imagined.

There are some upcoming technological innovations that will help us solve common issues. In our industry, clean water will become a significant issue in the next twenty years. People are looking at new ways to solve the problems of feeding people, cleaning up their messes, and dealing with population. Technology will be created to solve those problems.

We're on the forefront of environmental cleanup. Technology will help us disperse solutions. Technology can provide enormous breakthroughs that lead to better living conditions for people around the world.

Confidants

When problems arise, I have a variety of people who I turn to. I tap into people who have skills, experience, and knowledge. Sometimes I ask myself a question, and I circulate it among ten or fifteen peers who are in a similar situation or who are simply creative. We put our minds together and form a solution. I have mentors who I call from time to time, but I've reached a point where I'm becoming the mentor.



BIO: Robert C. Brehm has served as CEO since July 19, 1997. He has a double engineering degree in electrical engineering and computer science and an MBA from UC Berkeley in Finance and Accounting. Mr. Brehm has operated a large chemical production facility for a Fortune 500 company, owned several software companies, a finance company, and an investor relations company. He fully understands the scientific aspects of the microbial technology business as well as the business, marketing, promotion and financial requirements for success in a public enterprise. His skill, knowledge and expertise are invaluable for the rollout of the company.