INTRODUCTION: "HOW-TO" VERSUS "THEORETICAL"

"If you want to teach people a new way of thinking, don't bother trying to teach them. Instead, give them a tool, the use of which will lead to new ways of thinking." – Buckminster Fuller

OVERVIEW (Reading this chapter provides a summary for those executives that want to just scan the rest of the book)

Fundamentals of business & raising children:
1. Have a handful of rules
2. Repeat yourself a lot
3. Act consistently with those rules (which is why you better have only a few rules).

He recommends the book Titan (biography of John Rockefeller)

Three underlying habits I have observed are key to the successful management of a business

Priorities—Does the organization have objective Top 5 priorities for the year and the quarter (the month if growing over 100% annually) and a clear Top 1 priority along with an appropriate Theme? Does everyone in the organization have their own handful of priorities that align with the company's priorities?

Data—Does the organization have sufficient data on a daily and weekly basis to provide insight into how the organization is running and what the market is demanding? Does everyone in the organization have at least one key daily or weekly metric driving his or her performance?

Rhythm—Does the organization have an effective rhythm of daily, weekly, monthly, quarterly, and annual meetings to maintain alignment and drive accountability? Are the meetings well run and useful?

There is only one underlying strategy—what can be called the "x" factor—which must be discovered, defined, and acted upon to create significant value and ultimately significant valuations within a business: The "x" factor: identify the chokepoint in your business model and industry and then gain control of that chokepoint. For Rockefeller, the key to winning in the oil business was gaining an advantage in transportation costs, which is why he was heavily involved with the railroads.

Three keys to GE's success that are useful to mid-size firms:
1. In planning, the "middle" is gone. You only have to define two points: where you plan to be 10 to 25 years from now and what you have to do in the next 90 days.

2. Keep everything stupidly simple. If your strategies, plans, decisions, systems, etc. seem complicated, they are probably wrong.
3. The best data is firsthand data. It's why the entire executive team of GE comes to Crotonville each month to "teach." Hanging out with GE managers from around the world along with key customers (letting customers attend Crotonville sessions is key to GE's value proposition) lets the top executives find out what is really going on. It circles back to point #1 and the importance of real time data.

Definition of Strategy: You don't have a real strategy if it doesn't pass these two tests: that what you're planning to do really matters to your existing and potential customers; and second, it differentiates you from your competition.

Until your people are "mocking" you, you've not repeated your message enough. A well-organized set of daily, weekly, monthly, quarterly and annual meetings keep everyone aligned and accountable.

1 MASTERING GROWTH What CEOs of growing companies know that you don't—and how you can use it to build a powerhouse business

All it takes to make growing your business both fun and profitable, at each and every stage of its life, is the discipline to find the right tools and implement them.

Three fundamental barriers to growth outlined in this book that are common among all growing firms: the need for the executive team to grow as leaders in their abilities to delegate and predict; the need for systems and structures to handle the complexity that comes with growth; and the need to navigate the increasingly tricky market dynamics that mark arrival in a larger marketplace.

If you can't afford the people to run the business for you, then all you have is a job, not a business.

When the management structure is in place, systems are never far behind. There's a reason why: both systems and structure are logical responses to complexity, which grows almost exponentially as the company expands.

The ultimate goal of imposing structure and instituting systems is, of course, predictability. Unless a company has the ability to determine where it is today and project where it's going to be this week, this month, this quarter, and this year, it's not on a trajectory for growth. It might not even be on track for survival.

As you grow, you must keep the company focused. That's especially hard once you reach the point—usually at about 30 employees—where you can't personally interact with everyone each day.

How do you keep everyone aligned and reading off the same page? Many gazelles (small companies turning into big companies) find it useful to set priorities for each quarter—no
more than five—and then to identify one goal that supersedes the others. This is known as a Top 5 and Top-1-of-5 priority list.

"When you walk somebody around the office and everybody has this four-color Top 5 and Top 1 of 5 hanging over their desks, you typically get, 'Wow.'" says Carney. "It sends a clear indication to a client, a banker, or a prospective employee that there's something different about how we do business. It gives them another level of comfort that we're staying focused and doing the right things."

Hokey as they may sound, quarterly themes are powerful goal motivators. They focus the entire workforce on that single, overriding quarterly target in a way that people can not only understand, but get excited about. Says Bolanos of Mostly Muffins, "It's amazing what you can accomplish when you get a hundred people all working on just 1 priority, instead of 27."

What makes a quarterly goal achievable is a daily and weekly rhythm aimed at keeping everyone informed, aligned, and accountable. One of the most successful practices any would-be gazelle can implement is that of a daily huddle—no more than 15 minutes per group, in a room or on a daily conference call, just to celebrate progress toward goals or identify barriers blocking that progress.

Barriers to Growth
There are roughly 23 million firms in the US, of which only 4 percent get above $1 million in revenue. Of those firms, only about 1 out of 10, or 0.4 percent of all companies, ever make it to $10 million in revenue and only 17,000 companies surpass $50 million. Finishing out the list, the top 2,500 firms in the US are larger than $500 million and there are 500 firms in the world larger than $11 billion. As organizations move up this growth path they go through a predictable series of evolutions and revolutions.

Three barriers that prevent firms from moving along this path: lack of leadership, lack of systems and structures, and market dynamics.

The two most important attributes of effective leaders are their abilities to predict and to delegate. Within the category of prediction I include the ability to set a compelling vision that anticipates market movements. Leaders don't have to be years ahead, just minutes ahead of the market, the competition, and those they lead.

Getting others to do something as good as or better than yourself is one of the hardest aspects of leadership, but necessary if you're going to grow the business. Thus most entrepreneurs prefer to operate alone or with a couple of people. To get to the level of ten employees, the founders must at least begin to delegate those functions in which they are weak. As the organization approaches 50 employees, whatever is the strength of the top leader can become the weakness of the organization. From 50 employees up, it's then a matter of adding various layers of mid-level and frontline leaders. The success of the firm
is determined by the extent to which the senior leadership team can grow the next levels of leadership, and teach them in turn to predict and delegate effectively.

With the right people, delegation is a four-step process to pinpoint what they are to do, create a measurement system for monitoring progress, provide feedback, and then give out appropriately timed recognition and reward.

Considering structures, as the firm grows it becomes increasingly important to pay attention to organizational-structure issues. The key is to think in terms of three types of organizational charts.

*Accountability charts*: A company will often become stuck or experience a lot of miscommunications and balls getting dropped when there isn't clear accountability established within an organization.

There are two basic rules accompanying the creation of an accountability chart. First, there can be no "to be determined's" on the chart. If you can conceive of a position, put someone's name in it, even if his or her only accountability is to make sure the position is filled. Organizations often place the term "acting" in front of the title of someone filling a spot until it can be permanently filled. Second, there are always a few people in the organization who shouldn't be leading other people, yet are considered senior in the organization. In this case, a few "off org chart" positions are advisable.

*Work process charts*: Because the accountability chart can't capture all the interactions necessary to run a business without a mass of dotted lines running all over the chart, it's better to keep the accountability chart clean and then establish four to nine work flow charts representing the critical processes that flow through the organization. These processes might include how you acquire a customer, how a project moves through the organization, how employees are selected and trained, and how customers are billed and payments collected. It's advisable to take the one process per quarter that seems the most dysfunctional and clean it up. Processes are like garages and hallway closets, which become messed up over time and require regular attention.

*Almost Matrix*: This chart shows the relationships between organizational functions and the business units that form as the organization grows. These units begin to feel and act like separate businesses within the business. They can be organized around product lines, customer niches, geographical locations, or business units acting as wholly owned subsidiaries of the parent company. Conflicts often arise between the functional leaders, like the VP of Sales and Marketing, and the business unit heads who have sales people driving their revenue.

Our position is that most people should be accountable to the business unit leaders; the role of the functional leader is one of coaching and bringing best practices into the organization. It's a complex issue that requires some real thought and expertise. Overall, it's important to think in terms of multiple organizational charts and to assign accountability to someone to make sure the various charts are being updated.
Three basic decisions an executive team must make:
1. Do we have the Right People?
2. Are we doing the Right Things?
3. Are we doing those Things Right?

Worried about spending all that money on training people so they can go elsewhere? The research is definitive that training and development increases loyalty. Besides, what's the alternative? Do you really want the people you have right now to not be the best trained for the job they have to do?

The first question you must ask is "Do I have the Right People?" And a quick way to discern the answer is to ask yourself if you would enthusiastically rehire each person on your team if given the opportunity.

The second question to ask, especially regarding your executive team and other key employees, is whether you think they have the potential to be the best in their position three to five years from now. (By the way, you might have the Right People, just in the wrong position.)

A few basics to hiring that can go a long way toward making sure you're getting the right people. The first is to understand that hiring is a numbers game. The firms that get the best people tend to get a lot of people applying for each position and the general quality of the pool of people is so high that if you had to decide by throwing a dart at a list of potential employees you likely would make a great decision. And this is why a firm that has established a stellar reputation in its industry (or even in a particular town if you primarily hire locally) is able to continue to hire stellar people.

Interviewing is the most perilous part of the process because there is actually a slight negative correlation between who you would likely hire based on an interview and whether they would be a great fit with your firm. Given how badly many people conduct interviews, you would be better off throwing darts at a list! The only type of interview that is effective is a behavior-based structured interview. Bradford Smart is the expert in this field. I highly recommend his latest book Topgrading. It's very "how-to."

Testing is considerably more accurate and objective than interviewing and should always supplement the interview process. Many of the best-run firms have their applicants, especially potential executives or managers, submit to several hours of formal testing. Least important of the tests, though the one everyone seems to use, is the standard personality test. (He lists specific resources for executive & front line testing)

The most important thing you're trying to discern in the selection process is the candidate's fit with your culture.
If you've discovered your core values properly and they are alive in your organization, the number one reason an otherwise-qualified candidate just won't make it in your organization is his or her misalignment with your core values. A close second is whether they have a positive or negative outlook, which can be discerned primarily through testing.

For entrepreneurial companies, a positive outlook is a requirement. Testing for emotional maturity also ranks high on my general recommendation list as an important "go, no go" factor in the hiring decision. Last, I recommend and use a variation of an assessment-center approach. Outline on a piece of paper three or four business challenges you're expecting candidates to face when hired and then give them 30 minutes to an hour to work through how they would handle each. Then spend another 30 minutes working through their solutions with them to see how they think and to get a sense how you might work together.

Overall, getting the right people in the right positions is the first and most important job of the CEO and executive team. Also important is getting the wrong people out as quickly as possible.

Right Things Model
The Right Things Right model (Figure 2-1) illustrates the fundamental decisions, relationships and functions of a business. The three ovals on the left side of the model show the Right Things; the three ovals on the right show how to do Things Right.

The key questions on the Right Things side of the model are "Do you have a viable economic model?" Or, more bluntly, can you ever make real money doing what you're doing? Do you have a product or service that enough customers value to make a viable business? And have you determined the X factor that you can control that differentiates you from the competition, matters to customers and provides you an advantage in the marketplace? Can you be the best in your chosen sandbox?

The key questions on the Things Right side of the model are "Do you have the management practices and processes to take advantage of the market opportunity you're pursuing?" Do you have the habits and disciplines in place to maintain your competitive advantage? Is your organization structured properly to maximize the productivity of the employees? Can you deliver a consistent service or product offering?

The Right Things side requires bold leadership able to make a few key decisions about strategy and direction, especially when the business needs to make an abrupt turn in the market—like Microsoft's decision to shift significant resources to the Internet or Bill Gates' decision to step down as CEO. The Things Right side requires capable management that can maintain healthy disciplines and habits.

While continuing to inspire people through your leadership skills, you must also be diligent about holding people accountable to results. In fact, you might have to love
someone enough to let him or her go. (I tend to prefer the phrase "freeing up your
future!")

The Right Things side represents the people and relationships involved in any business;
the Things Right side represents the activities or transactions that occur within a business
to deliver consistent products and services to the market. The three fundamental groups
of people that interact in a business are Customers (including suppliers), Employees
(including sub-contractors), and Shareholders—which models closely the Balanced
Scorecard system UPS and other firms have adopted. (There's a book called The
Balanced Scorecard for those interested—it essentially supports the notion that a leader's
success is defined as having satisfied all three stakeholders, not just one or two.)

Taking the model further, on the Right Things side you strive to achieve three outcomes:
get, keep and grow all three relationships. To do this, you need to figure out what basic
needs you can fill for a certain group of customers in a way that differentiates you from
the competition and then what competencies your people need to meet those needs so that
value is created for the shareholders.

On the Things Right side, the organization strives to achieve three additional outcomes:
doing each of the activities better, faster, and cheaper. The primary objective is to
continue to lower the costs of delivering your products or services relative to the sales
price and improve the value proposition so you can maintain your prices relative to the
competition to increase profitability.

In addition, it's very important to be clear about who is accountable for each circle in the
model. Who is accountable for getting customers? Who is accountable for keeping
shareholders happy? Who is accountable for making sure the sales engine (the Sell circle)
is functioning properly? Going through each of the six circles and their drivers (get, keep,
grow, and better, faster, cheaper) and making sure the accountabilities are clear is one of
the more powerful and aligning activities I've worked on with executive teams.

3 MASTERING A ONE-PAGE STRATEGIC PLAN Keeping it simple keeps it clear!

To become and remain competitive, your organization needs three things:
1. a framework that identifies and supports your corporate strategy,
2. a common language in which to express that strategy, and,
3. a well-developed habit of using this framework and language to continually evaluate
your strategic progress.

Most important, you've got to keep it simple. Who has time to read—let alone develop—
packets and pamphlets of forgettable prose? You've got to boil your expression of
strategic might down to one powerful, useable, post-able, and thoroughly unforgettable
page.

No organization or individual can focus on or accomplish more than five or six priorities
in a given time period. The One-Page Strategic Plan forces you to select what I call your
Top 5 and Top 1 of 5 priorities. And as you fill in the document, think of it as a giant crossword puzzle, where figuratively speaking, seven across needs to align with three down—thus, if you can't immediately determine what should go in one box, like the BHAG, then figure out your Core Purpose and your Brand Promise, then triangulate into what your BHAG should be.

The core values of the firm. These five to eight statements broadly define the *shoulds* and *shouldn'ts* that govern your company's underlying decisions. Think of them as the Ten Commandments or your constitution, the foundation upon which the rest of the vision is built.

Are you wondering if your firm might be too young or too small to have well-established core values? Such thinking is mistaken. All firms have an unwritten set of values right from the beginning, and you don't need to wait until you've reached 50 or 100 employees to commit them to writing.

**Purpose**
It answers the very basic why questions: Why is this company doing what it's doing? What's the higher purpose for why we're in the business we're in? Why do I have such passion for what we're doing?

The purpose gives the company heart. It also provides a clue as to why certain seemingly small incidents send the CEO into a tirade, while others that may be bigger and more costly in impact slide by almost without comment.

Quarterly, you should take a look at your core values and your purpose statement. If your core values seem to be sagging, or your purpose isn't being fully realized, the action list affords you the opportunity to detail the specific actions the firm needs to take to bring things into better alignment. The BHAG is your Big Hairy Audacious Goal. As the name implies, it's a 10- to 25-year, lofty goal, similar to Kennedy's legendary goal to put a man on the moon. It's the sort of goal that challenges the firm to greatness.

Next comes Targets. The Target level describes where you want the firm to be in 3 to 5 years. Besides listing certain quantifiable targets at the top of the column, a firm should define the Sandbox in which the company chooses to play, a place where it can be #1 or #2. The Sandbox defines the firm's expected geographical reach, product or service offering, and expected market share within the chosen three to five-year time frame.

Next, clearly articulate the key need you're going to satisfy for your customers—your measurable Brand Promise (often called a value added proposition or differentiator). It's important that it be measurable, like FedEx's 10 a.m. delivery promise or Sprint's "pin drop" clarity. It's from this measurable promise that all other measures and processes derive.
Now define five or six Key Thrusts/Capabilities necessary for you to dominate your defined Sandbox, fulfill your Brand Promise, and meet your quantifiable Targets. What are the five or six big things you need to do to reach your three- to five-year targets?

**Goals and Key Initiatives**

List your five or six Key Initiatives for the year, similar in strategic importance to, and aligned with, the Key Thrusts/Capabilities. Think of these initiatives as your corporate New Year's resolutions, and plan to revise them each time you close the books on your fiscal year—or as the marketplace demands—while keeping an eye on the Targets column.

Another crucial part of the Goals level of the pyramid is the designation of one or two *Critical Numbers*—ideally, one from the balance sheet and one from the income statement. They should represent key weaknesses at the heart of your economic model or operations that, if addressed successfully, will have a significant and positive impact on the business. A Critical Number could be the utilization rates of service delivery personnel, or fundraising goals, or an increase in the number of large accounts to reduce corporate vulnerability.

Next come the quarterly action steps. This is the *how* stuff. Here's where you break down your annual goals into the quarterly action steps that lead to achieving your yearly goals. Think of them as a series of five or six simultaneous 13-week missions that provide priorities to your entire organization as you drive to achieve the quarterly missions.

Establish a quarterly or annual Theme to bring additional focus to everyone's activities. Decide where to post a scoreboard that will keep everyone apprised of your progress toward achieving the measurable target of the theme. Don't forget the celebration either.

The second-to-last level of the Planning Pyramid is devoted to schedules. Looking across the entire organization, you need to determine *when* things will happen. What happens first? What happens next? Which activities are linked cross-functionally, and what impact will these shared activities have on your ability to get things done? Take all of that into account when establishing your schedules. Start by having each executive who has accountability for a specific initiative or rock come back with a one-page outline of the steps—with dates—necessary to complete the tasks.

While struggling through the details involved in completing this part of the pyramid, remember: Nothing ever gets done in any organization until it shows up on somebody's weekly To Do list—and I do mean weekly! Quit thinking in monthly increments and drive all measurements, deadlines, and deliverables down to weekly increments.

Last and most important, we cap our Planning Pyramid with some necessary accountability. This is the *who* level, where your company identifies specifically which person is accountable for which particular activity on your plan.
Please note that I didn't say you should identify who's "responsible," because responsibility and accountability are two quite different things. Many people are likely responsible for meeting a certain goal or creating a product, but there should never be more than one person who is accountable.

Remember, if everyone's accountable then no one's accountable.

You must remember that this process is 1 percent vision and 99 percent alignment. The lion's share of your effort must go not into meeting, talking, and wordsmithing, but toward getting your people aligned to do what needs to be done. Use your One-Page Strategic Plan daily, weekly, quarterly, and annually to "Do the right things right!"

4 MASTERING THE USE OF CORE VALUES Use core values to parent a great company!

Once you have your values, the other 99 percent of the effort goes into keeping these values alive with existing employees and inculcating (bringing into the culture) new employees and acquisitions as they join the firm. It's the repeating of and living consistent with the firm's values that's the most difficult part of the process.

Everybody enjoys a good story and most great leaders teach through parables or storytelling. Above all, the story provides the explanation for any core values that might seem unusual or cryptic on their own. You can tell the story and, instead of offering a moral, you can say "and that's why we consider (blank) one of our core values."

Once you've established the words, rules, and stories that constitute your core values, put them to work in the recruitment and selection of employees. It's critical for new employees to feel comfortable in your culture, and the best way to determine that is to ensure that they align with your core values. Start by using the language from your core values in recruitment ads and job descriptions. This will catch the attention of those people who resonate with those values.

As you move forward discovering and bringing alive your core values, remember: this is no different than teaching your two-year-old right from wrong. Young, old, or in-between: people need to know what marks they're supposed to be hitting. They want to understand how they can conduct themselves to please you and your customers. They appreciate a reminder when they goof up. And they want to know the rules aren't a moving target or prone to selective enforcement.

5 MASTERING ORGANIZATIONAL ALIGNMENT AND FOCUS Know your top priorities!

It's not that we don't know what to do. It's that we don't do it. This chapter emphasizes management's need to clearly articulate to employees the five most important priorities that must be addressed or achieved to move the company to the next level. It's then critical that everyone in the organization determine his or her own Top 5 priorities,
aligning them with the company's and creating the activity plan that's crucial for top performance.

Begin by asking yourself, what do I need to be doing today to keep this company moving towards its plans at the speed the market demands?

Once you've determined your company's Top 5 and Top 1 of 5, each of your executives must determine his or her Top 5 and Top 1 of 5. Make the list the basis of a regular performance appraisal process. Continue to cascade this down the organization until you reach everyone.

Within 24 to 48 hours of establishing your Top 5 and Top 1 of 5, determine who's going to be the point person on what, and when they'll produce the deliverables. We're talking accountabilities, sub-accountabilities, resource needs, deadlines, and sub-deadlines. It all goes in the Management Accountability Plan. Fill it out carefully and the result will be a week-by-week strategic plan over 13 weeks, detailing the steps that need to be taken and the milestones that must be reached to complete or make progress with this priority. Again, cascade this process down your organization, requiring everyone to produce a one page MAP for each of their major priorities.

Recognizing Your Top 1 of 5: It's the One that Hurts

**6 MASTERING THE QUARTERLY THEME Establish a reason to celebrate!**

Good themes don't pop out of thin air. The most powerful are those anchored in quantitative goals—be they annual numbers for companies growing less than 15 percent per year, or quarterly numbers for companies whose growth rate is north of that. Refer back to your One-Page Strategic Plan. With plan in hand, take your top priority and align it with your Critical Number—that one key measurable that you want your organization to focus upon. Then brainstorm a theme to go with it. It ought to be something that will make the numbers memorable.

This doesn't have to be anything particularly grand. The CEO of one major company had his three major priorities—represented by three Critical Numbers—engraved into wristwatches that he passed out to his execs. Whenever they checked the hour, they were reminded of the goals and that time was passing. It was simple and effective. So was the Phillips Group's decision to hold a company-wide meeting out of the back of a truck parked at a loading dock. The theme for the quarter was operational excellence, so what better way to emphasize the unsung heroes of the operation than to have the meeting on their under-appreciated turf?

What makes a theme a mission rather than a mere event? Effective reinforcement does, and that can be achieved through publicly tracking progress and keeping score.

The trick in developing a successful quarterly theme isn't just coming up with a good idea or presenting it well or tracking progress effectively or even celebrating success well. It's
encouraging the heart. Only when we do that extraordinarily well do we experience extraordinary success.

7 MASTERING EMPLOYEE FEEDBACK De-hassle your organization!

What makes people hate their jobs? What makes them non-productive, complaint-happy deadwood? The answer: recurring problems and hassles. I'm talking about the situations, problems, and mistakes that happen over and over again, never getting fixed. Recurring problems and hassles are worse for customers, who don't have any incentive (like salary) to hang around.

Recurring problems eat up more than 40 percent of the average employee's time. 40%! Why so much? Because a problem is never just one person's problem. The person who discovers the glitch has to talk about it with not one person but several, and probably more than once. Fixing the problem, or even just putting a Band-Aid on it, means bringing progress to a screeching halt. To reduce your costs, shorten your cycle time, and generally improve your internal working environment, you need to systematically gather data on what's hassling your employees—and then do something about it. And because your employees are often closest to the customer, their hassles are usually related to what's hassling your customers, giving you tremendous insight into ways to serve your customers better. Their hassles are your opportunities.

To get started, ask your employees a three-part question: What should we start doing, what should we stop doing, and what should we continue doing? Have them think about these questions from both their perspective and the perspective of customers. This initial survey will let people get things off their chests, especially if they haven't had the chance before. Compile the data, call a meeting, and brainstorm some solutions.

The trick to getting your de-hassling system humming is to be responsive. If employees feel their feedback is dropping into a black hole, it'll dry up. Initially, find some quick-hit solutions. If there needs to be a bigger wastebasket in the women's restroom, get a new one in there pronto. If there are bigger, thornier issues (I find they're usually related to IT or billing), put a team on one or two of them and schedule regular updates.

If your team is reluctant to provide feedback, don't shame them; just work extra hard to respond to the few items you receive. You'll get more participants next time, I promise. If, on the other hand, you find yourself swamped with input, don't give in to the temptation to omit items, combine them, or summarize them. Get the raw data out there even if the initial list numbers 1,784 items, as it did the first time I did this with a client over a decade ago. People are watching to see if their contributions are being considered. Again, don't summarize the data, give it back to the team in raw form. The only exception is if the feedback includes personal attacks. These should be dealt with privately.

People will want to see change as it's occurring. At Columbia University Business School some years ago, the dean posted a bulletin board for complaints and suggestions.
Students and faculty alike knew they'd been heard when he scrawled on the notecards "Noted, done." Closing the loop in this fashion is absolutely crucial.

Many big problems trace back to simple solutions if you'll just get Colombo-like and ask a lot of questions. And along the way, someone might ask why the system needs five copies in the first place!

To avoid having the feedback degenerate into name-calling, focus on the what, not the who. When all the what's keep leading to the same who, of course, you may need to free up that person's future. And in that case, you still need to identify the "what" behind the failure of the "who" or you're destined to make the same hiring mistake. But that's rare. Most hassles are process hassles, not people hassles.

De-hassling your organization doesn't have to fall on the backs of the executive team. In fact, it's better to form a mid-management team to handle the initial screening and problem solving. Who else is as close to the action? Not you. Who better to know which items deserve priority attention and which employees are best suited to finding the solution? Again, probably not you. Think of it as a management-development opportunity, an investment in your eventual succession plan, as your supervisors and mid-managers have the opportunity to creatively address issues and improve performance and customer satisfaction.

Make your measurements visible. Like the standard six-foot tall United Way campaign barometer, your company-wide measurements— preferably in some graphical form— should be on large charts placed where the individual, team, or company can see the results. And I strongly suggest that every office employee has some kind of whiteboard in their cubicle or office on which to graph their own daily and weekly measures. These numbers have a much greater impact if people see them on a large graph. It is even better if they have to plot the numbers themselves. There's something powerful in having to physically plot the points and connect the dots on the graph to bring the results alive and make them personal.

Problem-Solving Guidelines

You might note that these guidelines are similar to those found in conflict-resolution, decision-making, and problem-solving courses.

Relevancy—Does the issue really matter, is it of top importance, is there a customer affected by the hassle? Here you are looking for a pattern of recurring hassles. You can't solve every hassle right away, so you want to look at those that are costing customers and employees the most time or money.

Be Specific—Look back over your hassle lists. Did you write in generalities or list specifics? Some people will list as a hassle communications problems, or interruptions, or having to answer the same questions over and over. However, you can't begin to address these issues without knowing the who, what, when, where, how, and why of these
hassles. Being specific also means being careful when using the words "always," "never," and "all the time." In staff meetings, push people to give specifics.

**Address the Root**—Look at the cause of the issue and not just the symptoms. Let's say you've identified a specific communications problem—in most cases, the standard response is "send out a memo." Rarely does this get to the root of the problem—instead, it serves as a quick fix. One of the best ways to get to the root of the problem is using the "5 Whys" technique. Ask "why" several times until you get to the root cause.

Focus on the What, Not the Who—You don't want to turn your search into a finger-pointing or blame game. Besides, 95 percent of the time, it's a process problem, not a people problem. However, if all the what's keep leading to the same who, maybe you've waited too long and the person has to be let go. But you should still ask "What did we do wrong that caused this person to fail?" Maybe your hiring or training process needs to be improved. If you don't get to the root of the what, you'll keep making the same who mistakes.

**Involve All Those Affected**—Rather than run around getting ten explanations from ten people, get them all in the same room to give a truer picture of the entire problem. Getting everyone in the room together also helps to minimize suboptimization—where fixing a problem in one part of the organization causes greater problems elsewhere.

**Never Backstab**—Never talk negatively about anyone if that person is not present. The only exception is if you need to seek the advice of someone before confronting the individual. In this case, you still need to bring the individual into the conversation as soon as possible. This guideline has its roots in such principles as the right to face your accuser and to be present when being judged. Besides, when you talk negatively about someone to another person, they have to then wonder if you are talking negatively about them behind their back. If you can be successful in implementing this rule, the level of trust and openness in your organization will improve immensely. And when the other person is present, everyone tends to follow the first five guidelines more closely.

**8 MASTERING THE DAILY AND WEEKLY EXECUTIVE MEETING Structure**

meetings to enhance executive team performance!

Absolutely everybody in a growing company should be in some kind of five- to 15-minute huddle daily. I don't mean they all have to be in the same meeting, just in some meeting. To me, this is non-negotiable.

The meeting doesn't have to be in your conference room or around somebody's desk. A conference call or a speakerphone session will do just fine when people are on the road. And what's 5 or 15 minutes? The equivalent of a bathroom break! Second, this stuff about working too hard or seeing each other too much already is besides the point. Casual encounters fail to take advantage of the three most powerful tools a leader has in getting team performance: peer pressure, collective intelligence, and clear communication.
A daily meeting focuses the collective intelligence of the team on the issues at hand. What a shame to have a high-powered exec team that doesn't take even 15 minutes each day or an hour a week to focus its horsepower on the opportunities at hand! Without the discipline I'm describing, don't kid yourself into thinking you're getting this focused attention.

The agenda should be the same structure every day, and it's just three items long: what's up, daily measures, and where are you stuck? In the first five minutes, each attendee spends a few seconds (up to 30) just telling what's up. That alone is valuable, because it lets people immediately sense conflicts, crossed agendas, and missed opportunities.

Next, the entire group takes a quick look at whatever daily measurement your company uses to track its progress. (You do have one, don't you?) A dot-com company might track Website hits. A sales organization might track the number of proposals that went out that day.

The third and most important agenda item is where people are stuck. You're looking for bottlenecks, which ought to be your nemesis in business. Applying energy anywhere but the sticking point is a waste.

There are a couple of reasons why I consider this last part of the agenda crucial. First, there's something powerful in simply verbalizing— for the whole group to hear—your fear, your struggle, your concern. It's the first step to solving the problem, because until the mouth starts moving, the brain won't engage. Second, the bottleneck discussion often reveals who's not doing his or her job. Any time somebody goes two days without reporting a sticking point, you can bet there's a bigger problem lurking. Busy, productive people who are doing anything of consequence get stuck pretty regularly. The only people who don't get stuck are those who aren't doing anything. So, scrutinize the exec who reports, "Everything is fine!" Important as it is, the bottleneck conversation shouldn't be allowed to drift into problem solving. It's okay if somebody wants to reply to a bottleneck by saying, "Call so-and-so," but anything more than that should be taken offline. Remember: The daily meeting needs to be kept short.

Weekly Meetings
The weekly meeting has a different purpose, and therefore, a different agenda. It's intended to be a more issues-oriented and strategic gathering. It won't be, however, unless you've established your daily meeting rhythm.

Schedule the meeting for the same time, same place each week; 30 minutes for frontline employees and a full hour for execs. Again, it can be a conference call.

Each weekly meeting starts with five minutes of good-news stories from everyone. They could be personal or professional in nature, the more fun the better. Laughter brings brains into an alpha state, the result being more effective meetings. This starts the meeting on a good note, focuses everyone on the positive and serves as a mental health

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check. If someone has gone a couple weeks without specific good news, the leader should intervene privately to see if everything is okay.

Spend ten minutes on individual and company-wide measures of productivity. Every firm should have three key performance indicators that I call Smart Numbers. These are usually ratios that provide true insight into the future performance of the business.

Spend the next ten minutes reviewing specific feedback from customers and employees. (You do get this on a weekly basis, don't you?) What issues are cropping up day after day? What are people hearing?

The big mistake made at weekly meetings is covering everything every week. As a result, the team deals only with issues on a shallow level and never focuses its collective intelligence for a period of time on one issue. The key is focusing on a large priority for the month or quarter.

Frontline employees spend about ten minutes on this, while the executive team may devote as much as a half hour to it. But, do limit it to just one issue. Attempt more, and nothing will get done. Which issue should be discussed? Choose one of the priorities you've established in your monthly or quarterly meetings, and plan that it should come up for discussion more than once a month or quarter.

End your weekly meeting by asking each attendee to sum up with a word or phrase of reaction. It creates a formal closing for the meeting, it ensures that everyone's had a chance to say something, and it gives you a window on what people are thinking and feeling.

The Monthly Meeting—Agenda Is Learning

This is a two-hour to four-hour meeting (we take four hours) for the extended management team to gather, to review the progress everyone is making on their priorities, to review the monthly P&L in detail, to discuss what's working and not working from a process standpoint, and to make appropriate adjustments. It's also a time to do an hour or two of specific training.

The key is to involve the entire upper- and middle-management teams, giving them a structured time to work together. This is critical in growing the middle management team and keeping them aligned.

Daily and weekly meetings are demonstrably superior to one-on-one sessions. In one-on-ones, there's no Greek chorus singing out when the untruths begin to fly. People will give one person excuses that they'd never try before an entire group, where confrontation is likely. Where goals are at stake, and accountability is an issue, the peer pressure of the daily and weekly meetings keeps things moving much better than if an individual exec is reporting to the CEO. Why? Because it's just easier to get the job done than to have to
face the team each day, each week, and make the same excuses for having failed to get it done.

9 MASTERING THE BRAND PROMISE Identify the single most important measurable in building value

Determining a brand promise is a fateful moment in the life of any company. Choose the right one—the one your customers respond to, the one you can track and execute day after day—and you win. It's that simple. Choose the wrong one and you'll probably flounder for years, never hitting your goals. So how do you choose the right brand promise for your organization?

Start by getting out your One-Page Strategic Plan (yes, again!). Much of what you defined in the Planning Pyramid will serve as a foundation for the following work. Next review your Top 5 and Top 1 of 5 established in Chapter 5. It's quite likely that your brand promise is lurking somewhere in or around these goals.

Your first point of reference when beginning the search for your measurable brand promise is your BHAG.

Next, figure out your desired sphere of influence over the next three-to-five years. Are you destined to remain a local company, with customers in one or two cities? Or will you grow to be regional, national, maybe even international? This may not be as obvious a decision as it sounds. And don't assume you can't be a local company and still have some pretty high aspirations, because you can.

When you're done defining your sandbox geographically, take some time to think about your customers and their demographics. Who will you be selling to over the next three to five years? Are there some customers you'll choose to leave to somebody else? Will it take any special techniques to reach your desired customers?

Lastly, consider how many product lines you can logically and reasonably carry. Don't forget to figure out which distribution channels make the most sense for your enterprise. Logistical considerations can make or break your long-range goals.

Based on the sandbox you've defined, ask yourself: what is your customers' greatest need? I'm not asking about their wants—they'll "want, want, want" you all the way to bankruptcy if you let them! What you're looking for is what really matters to the customer. At the same time, you want it to be something that demonstrably differentiates you from the competition.

Bear in mind: your brand promise shouldn't be easily accomplished. It ought to cause some stress in your organization.

Now that you've put a stake in the ground by determining your measurable brand promise, what are you going to do to lock it up, to hold that position? You've got to look
for the bottlenecks or chokepoints—there's always one or two—and figure out a strategy to either blow them up or neutralize their threat.

For instance, early in the oil business Rockefeller determined that the real shortage in the industry was not oil (it was gushing out of the ground) or refineries (over 1,000 popped up over night), but oak barrels for capturing the oil, and very specifically, the iron rings that hold the oak slats together. So, one of his first acquisitions was a key firm that made the all-important iron rings. Later, when it became clear that transportation costs were the biggest threat to profitability, Rockefeller shifted his energies to that chokepoint.

Your once-revolutionary brand promise will someday become table stakes, and probably sooner rather than later. Start working now on the next value-added improvement. If you don't, somebody else will beat you to it.

Your measurable brand promise is crucial. It defines your company in the minds of the public. It gives your organization something huge and galvanizing to strive toward. It does not overstate it one whit to say that your brand promise is a single-minded measure around which all strategic and tactical decisions are made.