# LETTERS
## *to a* C.E.O.

"A Powerful Tool For
Personal Success!"
—Tom Morris,
*The Art of Achievement*

# JOHN SPENCE

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**DIVERSIONBOOKS**

# Introduction

I believe this e-book is somewhat unique. On the following pages you'll find a collection of memos, letters and notes I have sent to clients and friends over the years to help them be more successful in their businesses and careers. Since 1994 I've been a corporate trainer, professional speaker and executive coach to more than 400 companies worldwide. My clients include everything from mom-and-pop start-ups to dozens and dozens of small to medium-size businesses, national associations, state and local governments, all the way up to the very top of the Fortune 500 with clients like Microsoft, Merrill Lynch, QUALCOMM, Verizon, IBM, GE and many, many more. In these companies I've served as an executive coach and Trusted Advisor to employees at all levels of the organizations, but most often to the senior executive team and the CEO. In that capacity I am often asked for advice, input and suggestions in areas where my client might be struggling, and it has been my practice to deliver that advice via short, focused letters/memos. The topics range from how to make better decisions to what to do as a new CEO to how to have a successful mentoring relationship. Also, a number of these letters are simply notes that I sent out to a select group of key people in my network to share some bit of information that I thought would be of value to them.

Which is exactly why I put this e-book together for you. I wanted to share with you some easy to read but highly powerful ideas on business and career topics the people I have been involved with wanted advice on, and I thought you might too. You'll see that I am constantly striving to make my advice as simple, clear and actionable as possible. It is my great hope you will use this e-book as a resource to help you learn some new tools, ideas and techniques that you can implement right away to have a dramatic positive impact on your business and career.

I wish you every possible happiness and success and look forward to your feedback, questions and ideas.

**My very best to you,**
**John Spence**

# Memo to a New CEO

*This is a follow-up memo I sent to a good friend of mine who had just become CEO of a large national association. He and his COO are both incredibly bright, honest, high-integrity people who truly want the organization to be successful. I was called in to do an Organizational Effectiveness Audit (an online survey) to determine where the organization stood as my friend took over as CEO, so he could get things moving in a positive direction immediately and begin his tenure on the right tone and focused on the right things. After working for three quarters of a day with his senior staff, we invited the entire organization to come together for an all-hands meeting to basically kick off the new organization under a new CEO. Here's the memo I sent to Dan the CEO and Anthony the COO immediately following the meeting.*

*    \* They call their customers "Members," but you could also replace that with patients, consumers, clients, partners … whatever term your business uses to describe the people who pay ALL of the bills.*

    Dan and Anthony, good day today, my friends!!

    Let me recap some key ideas and make … even a few more recommendations!!

    After spending the day together in our advanced leadership workshop, here's my list of the feedback on the key leadership competencies from your senior management team:

1. Accountability—delegation, empowerment, set very clear expectations.
2. Competence—everyone must be consistently learning and improving.
3. Action—the senior management team demonstrates passion and commitment for the organization.
4. Trust and honesty—two-way, consistent, reliable.
5. Vision—strategic, shared goals, all contribute.
6. Communication—transparent, honest, open, robust—two-way—set clear expectations.
7. Team player—positive attitude, shares ideas, works well with the other team members.
8. Empowerment and delegation—pushes authority down the staff.
9. Kaizen—committed to personal and staff growth.
10. Organizational courage—deal with the tough situations, be realistic, be compassionate.

    Here is the list of the combined leadership characteristics that your senior team developed:

1. Accountability + Empowerment
2. Trust & honesty—two-way
3. Team player/organizational citizen
4. Passion

5. Effective, transparent communication
6. Competent—self/staff
7. Strategic vision/shared goals
8. Extreme customer focus

As discussed, here are a couple of key things that need to happen as soon as possible:

1. Increase communication across the entire organization. Institute several ways for people to get messages up to senior management and push your management team to clearly communicate down to the entire staff. Surveys, comment cards, lunch with the CEO for feedback, HR hours open for feedback, an employee liaison/representative. Any and every way you can think of to make it super easy for information to flow up, down and across the organization.
2. Institute multiple recognition programs—employee of the month, extreme member focus award, top team player award, lunch with the CEO … numerous ways to show people that you truly appreciate their contribution. By the way, handwritten notes are probably the most powerful.
3. Kill any stupid rules. Create a competition for people to nominate stupid rules that should be killed; for every suggestion you enter that person's name in a drawing and then pick one at random and award a nice gift certificate. Do this once every three or four months to show them that you want to wipe out unnecessary rules, minimize bureaucracy, make it easy for them to do their work and get quick decisions when necessary.
4. As quickly as possible send out the scores (not the personal comments) from the Organizational Effectiveness Survey I did of your entire staff. Redeploy the survey at six months to see what progress has been made. Use this survey as a scorecard for organizational improvement. You can have your HR department deploy the next survey, or if you prefer I'm happy to do it for you so that we can maintain strict confidentiality and make your people feel comfortable in being very frank and honest.
5. Make sure you have a highly robust "Voice of the Member" program in place that captures feedback, ideas, compliments and criticisms from your members in several different ways.
6. Identify your key Moments Of Truth and create specific and detailed procedures to ensure that they are delivered flawlessly every single time, for every single member.
7. Identify some training programs you could put in place immediately; my recommendation would be for some conflict resolution training and problem

solving training for your senior management team. Survey the rest of the staff to see what training they would like and then determine which ones are priorities and will have the biggest impact on the organization right away—create a schedule to get that training to them as quickly as you can. Try to find local experts who can deliver reasonably priced training, build it into the contract of future speakers, use TED talks, Big Think, YouTube and Google Scholar's talks for free training during lunch. Not all training needs to be on business issues, could also be on creativity, life balance, stress reduction—anything that will help your employees be happier and more productive.

Whenever you do an all-hands training program like this, the key is to get a couple of small wins VERY quickly. You have 24 hours to show them some sort of progress in at least one or two areas to prove that you and the senior management team are absolutely serious about making positive change and improving the things that your employees have identified as issues, problems or roadblocks. Then you need to focus like crazy for the next 30 days to show them that you are not going to let up, this is not a "flavor of the month" program, you listened very carefully to their feedback and you are implementing it with a continued sense of urgency and discipline. Never hesitate to remind them that you are doing all of this with the clear expectation that they will step up and also make the changes necessary to improve themselves and the organization. It is a two-way street: You give them some of the things they want, they give you back high quality work with a great attitude. It's going to take a minimum of six months to convince people that you are serious and are truly listening to them. You will have to manage expectations and communications EXTREMELY carefully. Everything you do, everything you say, every program you implement will send a message—either positive or negative. Be extremely mindful and look for ways to send a clear, consistent, positive message about communications, teamwork, excellence, accountability and extreme member focus.

I was recently asked to contribute a chapter to a book one of my good friends is writing on leadership excellence. I think that as the new CEO of your organization there are some great things here to keep in mind. Here's the article:

**To be a great leader of others, you must first be a great leader of yourself**.

Oftentimes when I'm teaching a teambuilding class I will ask the attendees to give me a short list of the most critical skills, abilities and characteristics of an "Ideal Team Member," someone they would absolutely love to have on their team. After more than 15 years of asking for this list, the ones that come up over and over again are:

- Honesty
- Integrity
- Proactive
- Excellent Communicator
- Highly Competent
- Innovative
- Creative

- Takes Accountability
- Works Well on a Team
- Delivers Results
- Good Strategic Thinker
- Enjoyable to Be Around

As you read over that list you probably thought to yourself, "Yes, I would love to have someone who had all of those characteristics as a member of my team." Here is the hard truth for you as the leader: You don't get anybody like this on your team unless you are like this first! People who have all of the attributes on the list above will only follow a leader who has all of them as well. So to be a successful leader the first thing you must do is take a look in the mirror and realize that your greatest challenge is to be a living example of what you expect from your followers.

Once you accept the mantle of leadership, whether you lead two people or 20,000, you have given up part of your life because you now live on a stage. Your followers see everything you do, they hear everything you say … they see what you don't do and hear what you don't say … and make up a story about it. They go home at night and sit around the dinner table and talk to their family about YOU. They talk about whether they enjoy the person they work for, if they are learning and growing, if they feel like they're being treated fairly, if they might have a chance for a raise or a promotion. Or they talk about how bad it is at the office, how unfairly they are treated, that they never get a simple "Thank You" from their boss … which is you! Once you understand this you realize that you truly have a huge amount of impact and influence on the lives of the people that you lead, and if you want to be a great leader you will take that responsibility very, very seriously and work as hard as you can to be a leader who builds up other leaders and improves people's lives.

I recently did a survey of more than 8,000 high-potential employees at companies around the globe. This included top employees at firms such as Microsoft, Merrill Lynch, Abbott, Qualcomm, GE and IBM. These high potentials are the employees who have been hand selected as the next group of senior leaders of their organization, the best of the best in companies with as many as 100,000 employees. These sorts of people are what I call "voluntary employees": They are so good at their jobs and so incredibly talented that if they quit at 10 a.m., they would have a job at any competitor by noon the same day. In other words, they could work at just about any company they wanted to, so I was curious to ask them, "What is it about your company that makes you want to stay?" The vast majority responded that their major reason for staying was that they respected their leader and truly enjoyed working for them. So my next question was "Then please tell me: What are the key characteristics of your leader that make them so fantastic?" The answers from around the world came back highly consistent and constitute what I call: The Seven Cs of Leadership.

## *Character*

Without question the single most important thing that people look for in a leader is someone who is honest and displays impeccable integrity. In another global research

study conducted by my colleagues James Kouzes and Barry Posner for their superb book *The Leadership Challenge*, they state that 89% of the people they surveyed (1.3 million over a 30-year period) said that honesty was the single most important factor they look for in a leader they would willingly follow. It is really quite simple. If you're going to be a successful leader: TELL THE TRUTH ALL THE TIME.

## Competence

To be an effective leader you must demonstrate high levels of competence in two areas: in your actual job function and in your leadership skills. This means that you will have to become a serious student of your profession and of how to be a great leader. Luckily, we now live in an era with access to more information (free information) than ever in the history of the world. Great leaders take time to read, study, listen, watch and learn as much as they can about how to improve and grow. They are committed lifelong learners and value that trait in the people they surround themselves with. It is the single most important thing I've learned in 25 years as a leader and teacher of leaders: ***You become what you focus on and like the people you spend time with.***

## Courage

We of course expect leaders to be courageous, to take big bold risks, make important decisions, and embrace risk, but what the respondents to my survey said is that they also want a leader who could be courageous enough to be … vulnerable. Everyone knows that there is no way to be successful completely on your own; things move too fast, there's too much going on, no one can handle all of this alone. Yes, we all want a leader who can be courageous in the face of difficult times, but we also want a leader who can admit that they don't have all the answers, that they are scared too, that they need our help. Leadership is not about being invincible; it is about being honest and at times even vulnerable.

## Collaboration

As was clearly stated above, we don't like or want Lone Ranger leaders; we want a leader who can roll up their sleeves and do the work shoulder to shoulder with us. What my respondents told me was, "We know you're the leader, but you don't have to lord it over us. Treat me like a peer and partner most of the time, and if every now and then you have to pull rank on me that's okay, but I really want a leader who is part of the team— not standing apart from the team." Great leaders today are superior at working with and through other people.

## Communication

Again, we all expect our leaders to be great communicators, to be able to stand up at the front of the room and give an inspiring speech that gets the team pumped, but what the people in my survey said was that in addition to that, great leaders are highly skilled at asking focused questions and then listening intently. There is no argument that one of

the keys to success in business is to hire the absolute best people you can possibly get on your team, and great leaders understand that if they get these sort of people to work with them it would be foolish not to ask them lots of questions, listen carefully and learn as much as they can from their incredibly talented employees.

## Compassion

Because most of the high-potential employees at large companies are in their mid-30s to early 40s, there is a generational difference in the way they view work. Although highly committed to their organizations and very excited about the work they do, these folks also said they wanted a leader who had enough compassion to understand that they would not sell their soul to the company; they wanted to have a vibrant life outside of the office. Working 9 to 5 or even 8 to 6 was absolutely fine with them, but after that it was time to go volunteer, hang with friends, make some microbrew, have a life.

## Contribution

The final characteristic of the truly great leader is the ability to plant the seeds of trees under which they may never sit. To embody a sense of enlightened self-interest that allows them to balance the short-term decisions of running a successful business today with the long-term decisions of contributing to the world around them in a strongly impactful way. A wise leader understands that with great power comes great responsibility and they use that power to leave a legacy, not just great quarterly earnings.

Lastly, I'd like to share a tool I learned a few years ago that I thought was extremely powerful for someone coming into a new leadership position. I was attending the Global Institute for Leadership Development and met with a senior executive from P&G who was basically a turnaround specialist within the company. When a division of the company got off track, this gentleman was sent to get them back on track and moving in the right direction. But one of the biggest problems he had was that he was often sent to places where he had never met the people he was now in charge of.

Imagine this: You work in a division of a large company that you know is struggling, and all of a sudden a brand-new president shows up that you've never met before, you know nothing about them, and this person is now completely in charge of your part of company and your future in the company. He realized this created great fear within the people he was now in charge of, and that fear caused them to hesitate, double guess him, politicize things, and spend a lot of time trying to figure out what the new "boss" wanted. He realized that was a very destructive situation and created an elegant tool to fix it immediately.

Upon arriving at the new division of the company that he was about to take over, he would hand everyone in the entire division one piece of paper that summed up everything they needed to know about him as a new leader. On the front he would write out very clearly what he was going to focus on as their leader, what he expected of everyone that worked for him, and what numbers would be the main metrics he used to measure the success of the organization. On the reverse side of the paper he wrote down his own

personal leadership philosophy, what everyone that worked for him could expect from him, and what core values he was going to manage the organization around. He would then tell them, "I'm going to hold you strictly accountable for everything on the front piece of paper—performing in a way that I need you to, focusing on the areas that I feel are important, meeting or exceeding the metrics that I've set for you. However, I am asking you to hold me 100% accountable for everything on the back of the piece of paper—for living my leadership philosophies every day, for doing the things I am promising I will do for you, and for making sure that we have a values-based organization of integrity and professionalism." He did this so that there would be no guessing, no ambiguity and no fear. People knew from day one exactly what he expected of them and what they could expect from him. Instead of having months of innuendo, rumors and political maneuvering, he put all of that to rest on day one. This is a tool I have recommend to lots of new managers, leaders and CEOs and one that might be helpful for you too, Dan.

I wish you every possible success, and please know that I'm here if you need ANYTHING. I believe that the issues within your organization are absolutely fixable. As one of the folks in the class today said, "It might be tough, but it's not impossible." Please never hesitate to send a note or call if there is any way that I can help you; I look forward to working together on this and watching as your organization gets better and better.

Thank you very much for asking me to assist in this extremely important project. It has been a joy and an honor—take good care.

—John

# Ten Elements of an Effective Executive

*This is a memo I wrote to an executive I was coaching that had just been given a major promotion and would now be running a very high-profile division of a Fortune 500 company. I wanted to give her some good, solid, straightforward ideas about how to be successful and thrive in her new role.*

Debbie,

Congratulations on the new job, very exciting and very challenging! As you embark on this new chapter in your management career, I wanted to share with you a couple of key ideas that I have heard many senior executives tell their key managers are the most important things they need to do to be successful.

*1)* Know and run your business incredibly well. Make your numbers and keep your customers happy. If you cannot successfully run the business you are in charge of, in the end nothing else matters. So priority number one is always run a smooth, flawless operation that has a solid strategy and strongly contributes to the success of the corporation.

*2)* No surprises. I expect you to handle most of your business issues on your own, but if you do have a big problem, let me know about it right away. I cannot help you if I do not know what is going on, and trying to hide bad news from me will only hurt all of us much worse in the end. So I need courageous communication and 100% honesty, I have to be able to trust completely that you are telling me everything that is important—the good and the bad.

*3)* Be able to take and give frank feedback. If I have to give you some uncomfortable feedback or make a hard decision that negatively impacts your business, do not take it personally; simply understand that it is what is best for the entire company and work hard to deal with it effectively. Conversely, I also need to know if you feel I am making a mistake or have overlooked something. You need to be able to deliver tough news to me without fear of retribution. It is a two-way street on this one.

*4)* Surround yourself with the best people you can possibly find. Not only is this a solid strategy for business success, it is critical to business survival. If you are the smartest person in your division and the one that "has to do it or it won't get done right," you are putting all of us in a very dangerous position. You need a deep bench of extremely talented people to help you succeed and ensure a smooth succession should it be necessary for someone else to step into your role. Always having to be the "Hero" is not a good tactic and will eventually lead to burnout, stress and failure.

*5)* High IQ is not enough; you need a high EQ as well. Once you build a team of superstars, you have to be absolutely superb at motivating and supporting them. Leadership through intimidation, bullying, threats and pressure will not succeed in the long run. Yes, you might be able to make your numbers and grind out profit for a while, but in time you will lose the support and trust of your employees. It is clear: People never give their best when they feel like they are getting beaten up. The leader's job is to build

a world-class team and then coach, direct and motivate them to deliver world-class performance.

*6)* Be able to make the tough decision in a timely manner. As your business grows, so will the size of the decisions you need to make. Get a good team behind you that will be brutally honest with you, ask for lots of help, then make the best decision you can with the information at hand. Do not slow down the process—fast, flat and flexible is the goal.

*7)* Think and act strategically. Firefighting problems, even if you are great at it, is not the way to run a business. Put out the fires and keep them out so you have the time to think long-term. You need to have a good handle on where you and your business should be in three to five years, not simply struggling to try to make budget this quarter.

*8)* Build a huge network of people inside and outside the company that you can go to for advice and help. Your job is far too hard for you to do it alone, and although the folks on your team are bright, they do not have all of the answers either. So in addition to a personal commitment to lifelong learning, be sure to foster a network of talented peers, mentors and key contacts that are invested in your success and eager to offer you help.

*9)* Manage your time well. You will always be overwhelmed by the amount of work put in front of you, and I promise you that you will die with you in-box full. Time is limited and the most precious commodity you have in your life; learn how to use it to your advantage. As a leader this means being superb at setting clear priorities, establishing boundaries, and delegating away anything where you are not the only person who can do it. If someone else on your team can do it just as well as you, let it go, give it to them and invest your attention in the areas where you add the most real value.

*10)* Take good care of yourself. Do not allow yourself to become consumed by the business and get your life totally out of balance. The position you're in now takes a great deal of time, energy, and effort … but don't allow it to control you. Work hard, but set a good example of striving for life balance for your team. Your life, health and family are far more important than this business could ever be—keep that in mind and keep that balance.

I am sure I have missed a few; these are just the things I have been hearing repeatedly from the top executives I work for. I welcome your input and ideas.

Hope this helped

—John

P.S. Please read Peter Drucker's article "The Effective Executive"; it is timeless.

# Thoughts on Strategic Planning

*This is a note I put together for a client I have been working with for many, many years. It's a $50 million-plus company that is extremely well run and has recently taken over two new businesses that they acquired. They were now challenged with creating an overall strategy that would encompass the core business and these new additions, and I wanted to assist their senior managers in being successful in creating that strategy.*

Bill and Brian,

I know you guys are getting ready to go into another round of strategic planning, which will include two new businesses you're taking control of, so I thought I'd send along some ideas to help you have the most successful planning retreats you possibly can. As you know, I have been a guest lecturer at the Wharton School of Business for the last 12 years, delivering a class on strategy and strategic thinking at the Securities Industry Institute, and also led well over 100 strategic planning retreats, so this is a subject I've given a great deal of thought and study to. Having said that, here are some of my key ideas around strategy, strategic thinking and strategic planning:

I can boil my entire Wharton class down to one key sentence:

Successful Strategy = Valued Differentiation x Effective Execution

This equation is deceptively simple and extremely powerful. Let me go through it step by step.

In order for any strategy to be successful in the marketplace, it must have unique value to your target customers. In other words, it's got to be something that's differentiated, hopefully in the defendable way, AND it must be something to your customers see real value in and are willing to spend money on. Something that is highly differentiated but adds no value to the customer is a waste of resources—bells and whistles are absolutely useless if the main product/service does not function as the customer wants it to. In addition, if you create something that's unique and highly valuable to your customer, but easily replicated, your competition will copy it within hours, days or weeks. To the goal here is to know your customers well enough, to own the voice of the customer, so you can understand what is truly valuable to them and then design a product or service that delivers that value in a unique and defendable way.

The second part of the equation says that once you determine what is uniquely valuable to your target customer, if you cannot effectively execute on that strategy … it is useless. Let me put this as simply as I can …

- Highly differentiated but not valued by your target customer = bankruptcy
- Highly valued but easy to copy = price war (and there is always someone willing to drop their prices and go into bankruptcy faster than you)
- Highly valued and defensibly differentiated but not executable = bankruptcy
- Highly valued, defensibly differentiated, well executed = business success

Another key idea around being a great strategic thinker/strategic planner is understanding that unless the ideas and information you put into the strategic planning process are of value, then you can do the "process" extremely well and still come out with a flawed plan. Lots of people get wrapped up in the SWOT analysis, value chain analysis, branding and positioning strategies, customer analytics and all sorts of very important processes; however, if you don't put good strategic thinking in at the beginning of the process, you can go through all these wonderful tools and still develop a plan that will run your company into bankruptcy. So it is critical that the people involved in strategic planning within your organization are investing the necessary time to build a solid foundation of business acumen, of great ideas, innovations, new and creative ways of looking at things so that they bring superb information into the process. There's an old computer term that summarizes this well: garbage in = garbage out. Here are the five levels of strategic thinking that anyone involved in your strategic planning process needs to pay attention to:

*Level 1:* Business Acumen. A good strategic thinker needs to take time to study, read, listen and learn from every source possible. If you're not spending at least 10% of your time on gathering new and important information, there is little chance you will be able to add real value as a strategic thinker.

*Level 2:* Combine Learning with Real Life Experience. Coming from a guy that reads more than 100 business books a year, and has for the last 20+ years, I know that all of the answers are NOT in the books. Once you read some new information, find new ideas, learn new concepts—you must then compare it to your real-life experience, your 20 years in the industry, your 15 years as the leader of the company and decide what information has real value for you and your business.

*Level 3:* Pattern Recognition. The next step is to take the time to sit back and just look at the data. Examine it for anomalies, look for strategic inflection points, notice oddities, and eventually you'll uncover a pattern.

*Level 4:* Strategic Insight. Hopefully you will understand the pattern sooner than your competition, and it is this "strategic insight" that leads to strategic advantage in the marketplace, as long as you can do the fifth and final step.

*Level 5:* Disciplined Execution. It is one thing to understand the pattern, to have a strategic insight, but it is something completely different to be able to take that idea and turn it into effective action in the marketplace. Great creative ideas abound; flawless execution of those ideas is exceedingly rare.

Several years ago, I was asked to deliver a workshop on leadership and strategy at Cornell, and in an effort to up my game and try to bring some new information to the table, I really went back and did a deep dive around the topic of strategic thinking. During this effort I had an epiphany of sorts when I realized that one of the most important things a great strategic thinker/leader does is figuring out what to say "no" to. What strategies will we not pursue, what products will we not develop, where are areas we will stop investing, what parts of the business are no longer working? These are really tough questions, and many business leaders are afraid to ask them. But great strategic thinkers/leaders understand that they are the ones that must have the courage to figure out

what the company will no longer do, directions it will not go in, areas it will not compete. They have learned the power of saying "no."

Along those lines, it was also an eye-opener for me when I realized that truly great strategic thinkers take the time to figure out who they want to compete against, how they want to compete against them, and how they want to be positioned in the marketplace. I've seen many companies create huge strategic advantages by shifting the perception of who they compete against, laying out the rules of competition, and then competing by their own rules, on their playing field, against who they want to play against. This is a far cry from other strategic thinkers who feel that the playing field was already set, competition was already set, and the rules of the game were already set. Nothing could be further from the truth.

Now let's take a look at some of the tactical elements of effective strategic planning.

1. Be exceedingly well prepared—do your homework. I have been in far too many strategic planning retreats where people are just "guessing" at critical information that will have a major impact on the success of the plan. Make sure that the data you use to build your strategic plan is recent, real and reliable.

2. Have a very clear goal for exactly what outcome you want before you go into the strategic planning retreat. These things can get ugly fast, they can get off track quickly, so build a very explicit set of expectations about exactly what outcomes you want and then follow that agenda with discipline.

3. I think it's a huge waste of time to bring a bunch of talented people together and spend a day putting sticky notes all over the wall. It is my strong recommendation that you do the SWOT analysis and a lot of other analysis BEFORE the planning retreat. I typically send out a computer-based SWOT analysis survey a few weeks before any planning retreat, and then I compile all the information into an "Executive Report." Then, instead of spending several hours doing a big group SWOT analysis, I simply hand out the report, break people into small teams and ask each team to list what they feel are the five most important internal strengths, internal weaknesses, external opportunities and external threats from what they read in their reports. In this way I can gain consensus very quickly and get moving on to the more important part of the retreat, which is setting strategy.

4. To me, if you're going to gather a group of your high-level people for a day or two to create an updated or new strategic plan, the main outcome of that meeting should be a handful of very focused and clear strategic objectives with some recommended metrics/measurements under each that would determine if you had successfully met the objective. I then take that list of key strategic objectives and recommended metrics and give it to the people in the organization that will be held accountable for actually implementing it

and ask them to create detailed and specific tactical plans that they feel will allow them to reach the objectives and meet the metrics required. In this way the people who are closest to the real work are the ones creating the tactical plan of how they will reach the goals that have been sent to them, rather than having some unreasonable plan handed down from on high.

5. It is also my very strong belief that you should spend at least an equal amount of time working on a "strategic execution plan" as you do on creating the actual strategic plan. I cannot count the number of times I have been at a strategic planning retreat where we spend two or three days coming up with some bold, innovative, highly creative strategy—only to have it sit on a credenza somewhere and never get put into action. Every year I get between 100 and 120 senior executives in my class, and I ask them, "What percentage of companies that have a good plan, that know how to win in the marketplace, that have a truly great strategy … effectively execute that strategy?" Any answer for the last 12 years has been: 10% to 15%. Think of the amazing amount of money left on the table, of all the wasted time and energy to put together a really good plan and only execute 10% of it. If you're going to be great strategist you absolutely have to become superb at strategic execution.

6. Lastly, people ask me, "How do you make the strategy into a living document?" Here's what I've done in all the companies that I have run. I try as hard as I can to get the entire strategy down to 10 pages or less. I then bind that it into a handbook (we called it the Red Book at the Rockefeller foundation I ran because we bound it with a red cover) and I would tell everyone to bring the Red Book to any and every meeting where we were going to make strategic decisions. I would also tell them that if they came up against a decision and they weren't quite sure what to do, open the Red Book and take a look in there, and if it matched the strategy it was probably a great idea; if it did not, it was probably a good idea to get some feedback and input before they went forward. I also suggest that your senior management team bring the Red Book to every meeting and also spend perhaps 15 or 20 minutes discussing it at a weekly senior staff meeting. Also, set aside some time for further review—at least a full one-hour review each quarter and a half-day review at the six-month mark. This is simply my way of making sure that it stays out in front of everybody, it's being discussed often, it's being used to make any major decisions, and most importantly, it's being used to make sure that the work getting done every day is achieving the key strategic objectives and meeting all of the critical metrics.

This is not everything I know about strategic thinking and strategic planning, but I believe if you keep these key things in mind you will alleviate a lot of pain, stress and wasted time and effort. I hope you found these ideas helpful; as always, if you have any questions at all please do not hesitate to send me a note. I'm here to assist you in any way I'm able.

Good luck

—John

# How to Hire Right

*This is a note I sent to a very good friend of mine who is the CEO of a publishing company. He had just lost one of his key players and was looking to hire someone to replace her, and add a new salesperson, so I sent him this note to give him my best advice on how to make sure that he hired the right person.*

Scott

Making the decision to bring in a new person onto the team in your company is an extremely important decision, especially with such a small team. Done correctly, the new hire could potentially bring in significant additional revenues, new advertisers, new partnerships and innovative new ideas that can help make your company much more successful. Done poorly, hiring the wrong person can be an extremely expensive mistake that could set you back months and potentially do long-term damage within your team and with your advertisers. Therefore, I'd like to give you a little bit of advice on what I feel are some essential ideas and tools around hiring right.

The first thing I'd like to share with you is that for your type of business, the quality of the people that you get and keep on your team will be the single most important factor in determining the long-term success of your business. There's an old cliché that says that people are your most important asset, but that's wrong. Your best people are your most important asset; your worst people are your biggest liability, so you need to be very careful and effective in how you go about hiring new employees.

Whenever I counsel a business owner about the hiring process, here are a few things that I strongly recommend they do:

1. Create a very specific list of the attributes, skills, talents and attitude you are looking for in the new hire. Make this list before you interview anyone, before you get attached to anyone, before you get emotionally connected and invested in any candidate. Write down the short list of things that the employee you are going to hire MUST possess. These are nonnegotiable; it doesn't matter how much you like the person, how cool you think they are, how great they seem … this is the short list of key skills/attributes that anyone who fills the job absolutely must demonstrate—PERIOD! Next, list several things that would be "nice to have": items that are above and beyond the core but might be a bonus to your business. Lastly, jot down a few things that would be super nice to have but are totally icing on the cake. Now, when you interview someone, if they do not have everything on the list of key elements—do not hire them. Actually, I think it's a good idea if you put a point scale next to each of the items, such as 10 points for all of the "must haves," 5 points for the "nice to haves," and 3 points for the "really super nifty to have." Then, create a baseline score and if the person doesn't score at least, let's say a 70, on a 100-point scale—they do not come back for a second

interview. I see a lot of business owners that meet a potential candidate, sort of click with them, really like them, and then overlook the fact that the person does not have even the most basic skills necessary to be highly successful at the position they are trying to fill. I do not want you to make that mistake, so creating this scorecard is a clear, specific and objective way to help hold yourself accountable for only hiring people that are truly qualified. The goal is to hire really great people that you like a lot, and who also have at least a minimum score of 70.

2.  Read some books or get some training on interviewing techniques. Most of the businesspeople I've come across are pathetic at doing a thorough job of asking superb interviewing questions and knowing what to look for in a candidate. The list you have created in step one will help you form an agenda for asking questions, but the key here is for the candidate to spend 90% of the time talking while the interviewer is taking exceedingly good notes, watching body language, and asking additional probing questions. Unfortunately this is almost the exact opposite of the way most interviews go, with the business owner going on and on about how great their company is, how great their culture is, how great their products are … and not asking any focused questions that would truly let them understand whether the candidate is the right person for the job they're trying to fill. Again, I don't want you to make that mistake, so have a long list of excellent questions prepared before the candidate is sitting in front of you, and then use that list to guide the entire interviewing process.

3.  I'm also a big fan of team interviewing, getting a candidate who has made it past the first round to spend some time with the people they will work for, the people that they will work with, and the people that will work for them—so you can get feedback from everyone on how they feel the candidate would fit into the culture. **Important:** Anyone who interviews them should have some level of training on how to conduct a professional interview. You want to make sure that they asked good questions, the right questions and nothing that would get your company into trouble.

4.  I also think it's a good idea to get them to take a few tests, possibly a skills test and a personality test like the Myers-Briggs or DISC profile to make sure that they truly do possess the skills they are advertising and that they will likely be a good fit for your culture. In addition, call every single reference and ask them a few questions about the candidate so you can get some additional feedback; again, this is where some good interviewing training will come in handy, because there is an art to asking the right sort of questions to references, who are often reluctant to be totally honest about any negative issues with a candidate. If it is a senior position, I encourage you to do a great deal of due diligence, call every reference,

call their former employers and get as much information as you possibly can about the candidate before you hire them. Hiring the right person for a key executive position can make a major positive impact on your business; hiring the wrong person can land you in bankruptcy court.

5. A few years ago, I attended a conference of 400+ CEOs on hiring, retaining and growing top talent. After we came together and participated in dozens of workshops, panel discussions and lots of dialogue, this esteemed group of senior leaders came up with two key ideas on hiring:

   **- Hire for attitude and aptitude—train for skills**. As long as the person has the "must-have" skills for the job that you created in your list, and they show the ability to learn, always hire the person with best attitude. If someone has all the skills and a bad attitude, there is no book you can give them, no class you can send them to, no seminar they can attend that will turn a person who has a bad attitude into a positive and productive employee.

   **- Hire slow—fire fast**. Even if you are in emergency mode and desperately need someone to fill a gap in your business, I urge you to take the time to find the right person and not just hire the first person that walks in the door (unless they truly are a great fit). Employee turnover is expensive. By the time you bring someone on board, train them up, fill out all the paperwork and get them in your system … you have invested a tremendous amount of time, energy, resources and money—if you have to terminate them, or they quit within a few weeks or months, it's costly all the way around.

One last thing: a strategy I used when hiring key people for one of my businesses. When they've gone through all the steps above, the team loves them, the tests were all great and the references all checked out, I would tell the person that they were the candidate we wanted to hire, and I would give them the job offer with salary, benefits, vacation and everything else included in the position … but I would tell them that they could not accept on the spot; they needed to go home and think about it, to talk to their husband, or wife, or best friend. And then I would tell them this before they left my office: "Do not take this job if it is only about the money, the benefits and vacation—because I will figure that out very quickly and I will fire you as fast as I possibly can. On the other hand, if you love what our company stands for, if you think this is a great culture that you would fit into well, if you like the other people you've met and you're truly excited about our products and services—then please take this job as it might be the last job you ever take and you will retire from here. But I'm deadly serious: If it's just about having a "job" do not accept this offer because you will NOT last long." Amazingly, after going through all the interviewing, passing all the tests, getting great reviews from all the references … 70% of the people did not accept the job. They were not really committed and were not truly excited; they were not honestly passionate about our business—they just wanted a job and could not make the commitment I was looking for. When I told one CEO about this practice of mine, he said to me, "It sounds like

you're running a cult." After thinking about it for a minute or two I replied to him, "Yes, I am … it's a culture of excellence … do you have a problem with that?" He quickly answered, "Nope, not at all—just checking!"

Scott, you have a great company with a fantastic culture, and anyone would be lucky to work with you and your team. I'm sure you'll get plenty of people that apply for these jobs, but take your time, use the list, do the tests, do the team interviewing, check all the references—and only hire somebody who meets or exceeds all of the criteria you have laid out. Following all of these suggestions is time consuming, I fully admit that, but it is worth every single minute of it—I guarantee.

I hope you found this helpful, my friend. I wish you every possible success in bringing some superstars onto your team.

Take good care

—John

# Culture = Cash

*This is a note that I sent out to my entire CEO and senior executive network on what I feel is one of the most important elements of creating a highly successful business.*

For more than 15 years I have traveled worldwide to help companies achieve more success, and when I look at the pattern of the key areas that most companies need help in, one of them is consistently organizational culture. I have done a massive amount of research on this topic, read dozens of books and deployed well over 100 "Organizational Effectiveness Audits" to various client companies. Recently I sat down and reviewed all of the research, all of my reports, all of the surveys and spent several days trying to create a highly focused list of key attributes of a winning culture.

Before I give you the list though, I'd like to take a moment to help you understand why having a winning organizational culture is so incredibly critical to the success of your business. A phrase that I like to use is: **Culture = Cash**. I can tell you without any hesitation that the number one factor in creating highly engaged, satisfied and loyal CUSTOMERS is to have highly engaged, satisfied and loyal EMPLOYEES in your business. I get asked this question all the time: "Is it customer first or employees first?" Again, without any hesitation I can assure you that it is employees first. If you hire great people, take good care of them and build a strong winning organizational culture, then your happy, loyal and satisfied employees will go out and take great care of your customers. It's also worth noting that money is not one of the key drivers in employee satisfaction; yes, money is very, very important, but if you pay someone within 10% above or below what they would make to do the same job at any other company, then money comes off the table as a prime motivator.

To put some numbers around it, all of the research that I've seen shows that highly engaged and satisfied employees can generate as much as a 104%–189% increase in profitability, whereas a poor organizational culture with disengaged employees can cost a company up to 22% of total revenues. Even if my numbers are skewed, there is clearly a huge financial incentive to creating the sort of culture that attracts top talent and gets them highly engaged in delivering world-class products and services to your customers.

So after more than a decade of research and working in hundreds of different organizational cultures, here is what I believe are the 10 most essential elements of winning culture:

1. People enjoy the work they do and the people they work with.
2. People take pride in the work they do and the company they work for.
3. There are high levels of engagement, connection, camaraderie, and a community of caring.
4. There is a culture of fairness, respect, trust, inclusiveness and teamwork.
5. The leaders walk the talk, live the values and communicate a clear vision and strategy for growth.

6. Lots of open, honest, robust and transparent communication across the entire organization.
7. The company invests back in employees; there is a commitment to learning, coaching and development.
8. There is a bias for action; employees have an ownership mentality and always strive to give their personal best.
9. There is high accountability and a strong focus on delivering the desired results.
10. There is ample recognition and rewards, and mediocrity is not tolerated.

What I would recommend is that you take a moment and score your company on how well you feel your organizational culture matches up to my list. Think about your company and on a scale of 1 to 10, with 10 being, "We are excellent at this, this describes our culture perfectly"—all the way down to a 1, which means that your culture is not at all like the element I have described. I might also suggest you hand out this list to your entire team and get them to score how they see the culture in your business. My advice to you is anywhere you score a 7 or below deserves your attention and anything below a 4 requires your immediate attention. The goal, of course, would be to achieve a score of 8, 9, or 10 on all ten of the elements from everyone in your organization. Once you get to that level I can pretty much guarantee that your business will be enjoying a high level of success.

I hope you found this list of value. I look forward to your feedback, comments and questions.

# The Pattern of Problems

*This is a note I sent out to a select group of about 200 CEOs in my network to share with them some new information I had just learned during a recent speaking tour.*

During the past 45 days I have presented workshops to more than 1,000 CEOs, business owners and senior executives in several states in the US and across New Zealand and Australia have been amazed to see an extremely clear pattern emerge about what this widely diverse group of businesses all agree are key areas they must focus on more intently in their organizations.

Read this list carefully and consider whether these might also be areas that you need to spend more time, effort and resources on in your business.

1. Lack of a vivid, compelling and well-communicated vision and strategy for growth.
2. Lack of specific, measurable, binary metrics that support the vision and strategy.
3. Lack of disciplined execution/poor culture of accountability.
4. Do not truly listen to and deeply understand the voice of the customer (VOC).
5. Do not understand our "Moments Of Truth" and therefore do not have processes in place to execute them flawlessly every single time, with every single customer.
6. Do not do an adequate job in talent development.
7. Do not deal decisively with mediocrity and poor accountability.
8. Have not invested enough time and energy in building a high-performance/winning culture.
9. Not focused enough on innovation.
10. Lack of trust and true teamwork across the entire organization.

I would say that in the last year talking to literally thousands of business owners and CEOs that nearly every one of them struggled with at least a few of the things on this list. It would be my suggestion that you sit down with your top people and score the above items on this scale:

1 = Strongly Agree that this describes our organization.
3 = Agree Somewhat that this describes our organization.
5 = Not Sure if this describes our organization.
7 = Disagree Somewhat that this describes our organization.
10 = Strongly Disagree that this describes our organization.

Anyplace you score a 7 or less should be an area of concern, and any score below a 5 should get you very worried.

As you look at this list you might think the items I've listed are fairly mundane—just fundamental business practices that you know are important; however, there is a big difference between knowing something—and actually doing it every single day. Most

businesspeople I talk to clearly understand that on a scale of 1 to 10 they should be a 9 or 10 on all of the items I've listed above, yet very few truly are. While having lunch with a client yesterday in Auckland, he asked me why this was, and I replied that from my experience it is because most people are too busy putting out fires and taking care of emergencies to focus on these critical fundamentals, or they do not have the will to enforce them as nonnegotiable standards of performance across every part of their business.

Hope you found this of value

—John

# The Fundamentals of Negotiation

*I sent this note to close friend who I've been mentoring for about five years. I sit on the board of directors of his company, and he often comes to me for advice when faced with the decisions. A few years ago he was looking at expanding his business and buying one of his competitors businesses and was eager to get some suggestions about how to negotiate the deal. Here is the memo that I sent to him.*

Scott,

As you prepare to negotiate buying this new business I'm happy to offer some feedback on your question of what are the most important things you need to do to be successful in the negotiation. I've been teaching negotiations for about 19 years now, have read dozens of books on the topic, have attended several training programs—and have negotiated deals in the hundred million to billion-dollar range. Based on that, I believe there are only five things you must do in order to build a strong foundation as a successful negotiator.

*1.* **Be extremely well prepared—do your homework.** I am completely amazed how many times people show up to even a huge negotiation having done very little homework. Bring all the data you can get your hands on, anything that will help you make a good decision, compare prices, compare other deals. This allows you to take a position based on facts, data and research.

*2.* **Have lots of ways to win.** Most people show up to negotiations with only one single way to win: their way. And the other side typically only has one way to win … their way. A perfect scenario for a lose-lose negotiation. It is my strong recommendation that you come to every negotiation with multiple different scenarios that you would consider a win for you. The example I always use is that if you went to buy a car, and there was only one single type of car with very, very specific attributes that you wanted … on a car dealership lot with several hundred cars there might be only one that meets your unique specifications, which gives all of the power to the car dealership. On the other hand, if you came with multiple ways to win, several different colors that you'd be happy with, some attributes you'd like to have, a few attributes you must have, and a whole handful of other attributes that are "nice but no big deal"—with that kind of flexibility, there are probably 20 or 30 cars on the lot that would meet your needs. Now you have all the power in the negotiation.

*At the most fundamental level I believe that whoever is the best prepared and has the most ways to win usually wins the negotiation.*

*3.* **Before you get to the negotiation, establish what your BATNA is.** BATNA stands for Best Alternative to a Negotiated Agreement; in other words, it's your walkaway point. It's the number that you will not go beyond or below. It's the point where you realize it's better to get up and walk away than to stay in the negotiation because you will not win. Most people only discover their BATNA after they have crossed the line. So write it down, get clear on it, and stay unemotional in making sure that you do not go beyond your BATNA.

*4.* **In every negotiation the person on the other side the table is negotiating across a continuum of support for a win-win negotiation.** At one end of the continuum the person you're negotiating with is your negotiating "Partner." They are on your team, going for win-win, open, honest, willing to share information, and willing to be flexible in trying to make sure that everybody leaves the negotiation happy. In the middle of the continuum they are your negotiating "Counterpart." They are neither for you nor against you—they're basically looking for a win-win if it is at all possible. At the far end of the continuum is your negotiating "Opponent," who has no desire whatsoever to help you. They will lie to you, manipulate you, confuse you, and do everything they can to make sure that they win and you lose. Typically I enter every negotiation hoping and expecting that the other person will be my negotiating partner, but I am not naïve or stupid about it. As the negotiation progresses I test them by asking questions to see how forthcoming they are, and I also ask the questions that I know the answer to, so I can determine if they're telling me the truth. If they offer all of this information freely, then I meet them where they are as my negotiating partner and share lots of information with them. However, if I ask these questions and realize that they are not willing to share information with me, or are giving me misleading information or lying to me, I quickly realize that they are my negotiating opponent and change my tactics accordingly.

*5.* **Lastly, it is critical never to negotiate with someone who is highly emotional, or to continue negotiating if you are getting highly emotional.** If this begins to happen simply ask for recess, go get a soda pop, take a walk around the block, whatever you need to do to let the other person cool down or to cool down yourself. If you come back and the other person is still angry and upset, take another recess. If you come back again and they are still angry and upset, take another recess or cancel the negotiation for the day, but never sit at a table and negotiate with someone who is angry, as you will always lose that negotiation.

There are lots and lots of other things I could share with you, but I believe if you do these five things exceedingly well you will have covered about 80% of what is necessary to be a successful negotiator. I wish you every success with your upcoming negotiation and hope that you get the business at a good price with excellent terms.

Take care my friend—let me know if you have any questions

—John

# Decision Making

*This is a note I sent to a senior executive I was coaching in a large financial firm in the Dallas, Texas area. He and his boss were an absolute joy to work with, and I especially enjoyed working with Matt because he was eager to learn, thoughtful, and worked hard to apply the ideas I was giving him. He was faced with some big decisions for the firm and asked for input on how to be better at decision making. Here's the advice I offered.*

Matt,

It has been my experience that most people are not superb decision makers because they simply do not follow a process. They go with their gut, they make a snap decision, then make an uninformed decision … or they make no decision at all. I have read a great deal on this topic and attended several seminars, and from all of that here are the key things that I look at when faced with making a decision.

The first things I think about are *probability* and *impact*. What is the probability that something could go wrong with this decision … and if it did, how bad/significant might the impact be?

- If it is low probability/low impact then I don't give the decision too much thought and would typically just delegate it to someone else.
- If it is a mid-level probability and a mid-level impact I would involve a few people in the decision and spend a little time to make sure that I was making an appropriate and thoughtful decision—but I would try to make the decision quickly and move on to other more important issues.
- If it is a high-probability/high-impact decision then I want to take every single step of the decision-making process carefully, pull in all the right people, look at my information carefully, and make a very thoughtful and well-reasoned decision.

So on high-probability/high-impact decisions I take my time and ask a number of critical questions to make sure that I'm making the best possible decision.

Here is the list of questions I go through:

1. Am I the right person to be making this decision, or is there someone else who is in a better position to make this specific decision?
2. What is the real time frame to make this decision? Do I need to make it immediately? Do I have an hour … 24 hours … a few days … a month? When is the actual time that I must have a decision by?
3. Do I have all the information I need to make this decision? If not, where can I get it? Who can I ask to help me? What data/information do I still need to gather to make a good-quality decision?

4. Can I trust the quality of the information/data? How can I know that it is accurate, timely and unbiased? Where did the information come from? How can I verify it?

5. Do I have all the right people involved in this decision? Do they have all of the information they need to be truly helpful in the decision? Do any of them have a bias that I need to keep in mind as they give me advice and input around this decision? Is there anyone that should not be involved in this decision and needs to be removed from the situation?

6. Who else will be impacted by this decision? What is the ripple effect—how will this decision affect other people, departments, parts of the organization, suppliers, vendors, customers?

7. Can the decision be reversed or overturned in the future if necessary? If so, what would be impact of having to reverse it?

8. Can someone else reverse or overturn this decision after I have made it? If so, who are they and why might they overrule my decision? What will I do in the event that they decide to overrule/reverse my decision?

9. Once I have made the decision, what are the steps necessary to implement it? Can I create metrics to measure the success or failure of the decision? Do I have a specific time frame for implementation of the decision? Who, specifically, will be responsible for implementing the decision? Do they have all the tools, information, support and resources they need to successfully implement the decision?

10. Once the decision has been fully implemented, do I have a process in place to review the success/failure of the decision, and how I might make future decisions differently based on the outcome?

When faced with a major decision I strongly advise you to go through ALL of the questions above. If you cannot give a satisfactory answer, you need to do more homework, take more time and be disciplined enough to make a thoughtful and thorough decision. Now let me give a little bit of advice around a few of the areas above.

*Am I the right person to make this decision?* This is a great question to ask because it has been my experience that many people involve themselves in decisions that should be delegated away or would be better made by someone else. A lot of time is wasted when high-level people make low-probability/low-impact decisions.

Actually, this is an issue that I struggled with greatly when I was young manager. When I first became a CEO I thought it was so cool that everyone came to me to make "The Decision." Until one day I looked out the window on my office and saw nearly my entire staff standing in the hallway waiting for me to make … the decision! That's when I instituted a tool that I call "***Four Level Decision Making***" and taught it to my entire team. Here is what I told my folks:

***Level One Decision:*** This is totally your decision; this is your area of expertise; this is why I hired you. You make this decision without any input, make it quickly, and then you own 100% of the results.

*Level Two Decision:* This is a decision where you likely need some feedback and input, but make sure that you pick the right person to go to. If it's finance go talk to the CFO; if it's membership talk to the head of that department; if it's marketing go talk to them. Get some quick input from the appropriate people, then you make the decision and you own it 100%.

*Level Three Decision:* This is a team decision; we will get the appropriate people together, maybe the entire team, maybe only part of it; we will discuss it thoroughly but quickly and then we will all decide together what the decision should be. As the CEO, I will go with whatever the team decides, and even if it is not what I think is best. If all of you want go in direction A, and I want to go in direction Z, when it is a team decision I will go with what the team decides and then I will own the outcome 100%. And if the decision fails, I will take full accountability to the board of directors on your behalf.

*Level Four Decision:* This decision is totally mine. I may come to you for input and ideas, or I may not. I may have information that you don't have, or a longer time horizon in my decision-making process, but on a level four decision I'm going to make the decision and I will 100% own the outcome, and I need all of you to back me 100%.

I have used this four-level decision-making process in every company I have owned or run and found it to be a wonderful way to quickly delegate away about 60% of my decisions to the people who actually should be making the decisions and also help the rest of my team figure out where they should be delegating decisions too.

*What is the real time frame for this decision?* This is very straightforward: You want to use as much time as you have to make a decision—and not 1 minute longer. I have seen tremendous damage caused when people make a decision far too fast and find out later that taking just a few more hours, or a few more days, they would've made a drastically different and better decision. On the flip side, I've also seen great damage done by people who seem incapable of ever making a decision. They need more data, they want more people involved, they need more input … and they keep pushing off the decision until the decision is basically made for them either by the marketplace or by someone else in the organization. Figure out when you really need to have a decision made by, set a date and time—and then take your time and make the decision at that time.

*Do I have all the information I need to make this decision?* Again, this one's pretty simple: Do not get caught in the trap of analysis paralysis. Collect all of the necessary information to make a great decision and not one bit of information more than that. Get good data, set an appropriate time frame for the decision, and make it.

*Can I trust the quality of the information/data?* I sat in a strategic planning meeting for a major company several years ago and watched them make huge global decisions based on numbers they were estimating. It went something like this: "Paul, how you think will do in the European market next year?" And then Paul would say, "I don't know, Sam, I guess we'll do about 35 to 50 million." And then Sam would reply, "Great, let's just call it 45 million—go ahead and put down the flip chart. Okay, Sue, how you think you do in the Canadian market next year?" And so it went, with them throwing numbers up on the flip chart that would eventually be used to set the global strategic plan. If you're going to use data to make a decision—make sure it's accurate and reliable.

*Do I have all of the right people involved in the decision?* This one is critical; you want to have everyone needed to make the decision fully informed and on the decision team—but not one person more than that. It is invariably the one person who doesn't

really need to be in on the decision that will drag the process down and destroy any hope of making a quality decision. Get the right people—get them all together—make sure everybody has the right information—make the decision.

*What is the ripple effect?* I think a lot of times people forget to think about who else will be impacted by the decisions they make. It's worth it to take a few minutes to figure out "After I make this decision, how will it ripple out across all of the people that might be impacted?" You might be surprised to realize that a decision that seems trivial to you might have a major impact on other people.

*Can the decision be reversed or overturned in the future if necessary?* If the answer is no—you need to make sure to take your time and answer every single question above before you make an irreversible decision.

*Can someone else reverse or overturn this decision after I have made it?* If the answer is yes, then why aren't they making the decision? It is frustrating to spend time, energy and resources to make the decision—only to have it reversed/overturned by someone else. When possible, try to avoid getting into this sort of a situation.

*Once I have made the decision, what are the steps necessary to implement it?* If you're going to invest the time to attempt to make a high-quality decision, it is critical to also invest the time necessary to create an **implementation plan** for that decision. I'm not saying a 300-page document that fully details every single aspect of how to implement the decision for the next 25 years, but a major decision without a quality implementation plan is almost assuredly headed for disaster!

*Once the decision has been fully implemented, do I have a process in place to review the success/failure of the decision and how I might make future decisions differently based on the outcome?* Call it what you will … an after action report—a postmortem—a postgame review … but one of the key ways that great decision makers become that way is because they take the time to review their past decisions and learn from them. In my early days working for one of the Rockefeller foundations, my mentor, Charlie Owen, always forced me to do these postmortems after every major decision. He would probe and push and question to understand why I made the decision the way I did, and then help me understand why the decision turned out well or turned out poorly. As I learned from Charlie, reviewing your past decisions is a wonderful learning tool for your future decisions.

One last thing: If I'm making decisions about hiring someone, investing in a project, buying a car … something of that sort, I always create a checklist BEFORE I begin the actual decision-making process. I try to create a very specific, clear, binary set of criteria that MUST be met in order for me to make a positive decision. In other words, when hiring someone I might create a checklist that contains a minimum amount of education, past experience with this sort of work, expertise with certain software programs, and specific skill sets that are absolutely required. In this way I can take emotion out of the decision; they either have the required elements or they don't. To continue the example, I always have a very clear checklist of exactly what I want and don't want when I go to purchase a car. There are certain colors I absolutely will not buy, there are things that the car must have (like air-conditioning), there is a certain price I absolutely will not go above. I have all this written down and clear before I walk on the car lot to make sure that

I can remove all emotion and make a sensible and appropriate decision. I've learned from years of experience that if you do not do this, and write it out clearly and thoughtfully, oftentimes emotion, excitement or pressure will overwhelm your intellect, and you will end up making a very poor decision.

Matt—hope you found all of this helpful. Let me know if you have any further questions. Take good care.

—John

P.S. I just finished reading *Decisive: How to Make Better Choices in Life and Work* by Chip & Dan Heath—a very good book with excellent ideas.

# The Five Steps to Accountability

*This is a note I sent to a director of human resources for a large international jet company in preparation for delivering an executive workshop for their top people. She asked me to outline specifically what I was going to teach around the area of accountability.*

Amy,

A few years ago the Apple Specialist Group (independent retailers of Apple products) asked me to put together a presentation on creating a "culture of accountability and disciplined execution." Their challenge to me was to make my workshop as simple, clean and elegant as their products. I spent several weeks deeply studying the topic of accountability and was able to boil it down what I believe are the five key steps you must put in place to create a culture of high accountability.

*1. 100% Clarity + Authority.* The very first step in establishing accountability is to sit down with the specific person who will be held accountable and make sure that you have 100% clarity on the expectations, the measures of success, the timeline, resources available … on exactly what outcome you want them to deliver. This is critical. You must create specific, measurable, binary goals and objectives that are completely unambiguous. No guessing. Next, you must make sure that the person has the appropriate authority to deliver the results you're requesting of them. Giving someone 100% accountability but no authority is a recipe for frustration and failure; see, you must be sure that you empower the person with enough authority to successfully accomplish the task.

*2. 100% Agreement.* After you have taken the time to sit down with the person who will be held accountable for delivering the specified results with 100% clarity, you must get that person to look you in the eyes and tell you, "I understand the measurements, I understand the metrics, I understand the timeline, I understand the resources available to me, you have given me the authority I need to accomplish this, I believe it is a reasonable goal … and I 100% agree to deliver it on time and on budget.

*Until you do these first two steps there is NO foundation for creating clear accountability.*

Interestingly, over a four– or five-month period I asked every audience I was in front of: "On your most important projects, the ones that absolutely must be completed, how many of you would score yourself a 9 or 10 on a 10-point scale for always gaining 100% Clarity + Authority and 100% Agreement on all your most critical projects?" Out of nearly 3,000 people the answer was approximately … zero. Think of the wasted money, lost market share, lost profits—the numbers are huge, which is why creating organization with high levels of accountability is so incredibly critical.

*3. Track & Post.* After you have established clear and unambiguous measures and gained full agreement, you must track the essential metrics and then create a dashboard

so that everyone in the organization knows exactly where they stand against their key objectives. Whether you use a whiteboard, poster board or even a billboard, the information must be easy to understand, accurate and highly visible. Everyone needs to know at a moment's notice exactly how they are doing on achieving the goals that have been set for them.

**4. *Coach, Mentor and Train.*** Once you begin to track and post results, you must use that dashboard to help you identify when people are struggling, and then rush in with all of the training, help, support and resources they need in order to get back on track and successfully achieve their goals.

* Here's what you're going to find out about tracking and posting. A small percentage of your team will absolutely love it; those are your superstars, the ones who will always be meeting or beating their goals. They are very happy to be tracked and have their results posted because they are doing a fantastic job.

At the other end of the spectrum, you'll have perhaps 10% of your organization that falls down on the ground and starts crying, kicking and screaming—begging for you not to track and post their work. These are the folks that are never going to like tracking and posting because it will show everyone in the organization that they are mediocre or worse. My suggestion would be to make these folks available to industry.

This now leaves a huge group in the middle that doesn't quite know what to make of suddenly being tracked and having all of their results posted; the key is to help these people understand that you are NOT tracking them to punish them, you are tracking them so that the minute they have a difficulty and begin to slip, you will be there to catch them and support them with help, training, coaching, mentoring and resources. Once they understand that tracking = support and help, they will welcome the tracking system with open arms.

**5. *Reward Success Lavishly/Deal Decisively with Mediocrity.*** For the folks that are holding themselves accountable and delivering the required results, give them lots of praise, recognition and rewards. I'm not saying throw cash at them, but I am saying that you need to strongly encourage their positive behavior. For the others in your organization, where you established 100% clarity, gave them the necessary authority, got 100% agreement from them, tracked and posted their progress, and give them lots of help, training, support and resources … and they still do not deliver the required results … well, it is probably time for them to look for a new career opportunity.

So after a massive amount of research, Amy, and years teaching about accountability and disciplined execution, it is my firm belief that if you want to create a culture of both personal and mutual accountability these are the five steps necessary to make that happen.

Please let me know if you have any questions, comments or concerns—I look forward to working with you and your team at the upcoming retreat.

Take good care,

—John

# The Importance of Having a Mentor

*This is a note I sent to a young man that I was coaching. He is the son of some of our closest friends, and I wanted to do everything I could to help him be successful as he started out in his first "real" job.*

Chris,

I'd like to share with you the most important thing I have learned so far in my life**:**
***You become what you focus on and like the people you spend time with.***

In other words, whatever you fill your mind with and whomever you choose to spend your time with will in large part determine what you life will look like a decade from now. If this is true, and I strongly believe it is, then one of the best choices you can make is to find one or more mentors to help you move in the right direction, and I am honored that you have asked me to be your mentor. Here are a few suggestions so you can get the most out of this and future mentoring relationships.

*1. A successful mentoring relationship is all about the transfer of knowledge.* Decide what you really want to learn, then look around to find a mentor that is absolutely superb in that area of expertise. Just because someone is super nice or well connected does not make them a good mentor. Find someone who has successfully achieved what you are trying to accomplish.

*2. Create clear expectations for the mentoring engagement.* What, specifically, do you want mentoring in? How often will you meet? How long will each meeting be? What will your role be as the mentee? It is important to set up these agreed-upon ground rules to ensure that the mentoring relationship is productive and focused.

*3. This is not a casual relationship or friendship—it is work.* Usually if someone is so impressive and talented that you want them to be your mentor, they are probably a pretty busy person already. The key to a successful mentoring relationship is commitment from both the mentor and mentee. For example, I get asked by dozens of people each year if I would mentor them. Once I determine what area they want mentoring in, I assign them three books to read and tell them that when they have completed the books I'll take them to lunch to discuss the books in detail and begin the mentoring relationship. Establishing this sort of reading expectation typically deters 95% of the people who approach me. They simply are not willing to commit the time to read the books, which tells me I should not commit the time to mentor them.

*4. It is a good idea to have multiple mentors.* Mentoring isn't like dating; you won't make your mentor jealous if you have several other mentors. It is completely acceptable, even wise, to identify three of four areas of your life where you'd like some help and guidance and find a mentor for each. The only restriction on the number of mentors is your ability to commit the time and energy necessary to fully engage and work with each of them.

*5. Mentoring is not a one-way street.* Although the bulk of the knowledge transfer is from mentor to mentee, it is also incumbent upon the mentee to add as much value as possible back to the mentor. The first and most important way to do this is to be a highly

committed mentee, but it is also a great idea to bring your mentor books, articles, ideas and connections that will assist them in areas that they want to learn and grow in.

*6. Establish an end date.* A mentoring relationship is not supposed to last forever. Once you have learned just about everything your mentor can share with you on your area of interest, you can still be friends, but the official mentoring relationship needs to come to a close so that you can move on to a new mentor that can share new information with you, and they can accept a new mentee. The best way I know to accomplish a graceful exit is to set the relationship up for a maximum of only two six-month intervals. If after the first six months you both feel there are still things to work on, you can go another six months, but at the one-year mark it is time to call it a day.

*7. Mastermind Groups.* Another great way to get mentoring is to form a mastermind group of talented peers who get together monthly and help each other. I first started using the idea of mastermind groups when I was in college, where I started study groups and invited anyone who had at least a 3.6 GPA or higher to join the group. We started out with about twenty people, then it dropped down to about twelve, then eight, then finally five of us who went to class together, studied together, and shared notes and help each other get extremely good grades all the way through college. I have been doing the same thing ever since, bringing together groups of people at my home to discuss business, life, career and other things that are important to us. I now have a group of about 18 CEOs who come to my house once every 40 days or so, and we help each other with areas where we are struggling in our businesses or lives.

*8. Build a broad network.* The last mentoring idea I will share with you to is to build a huge network of talented people who you can go to and ask for help. Search out the smartest people you can find and bring them into your network by offering them ideas, value, information and connections—so that when you need help you have got several hundred people (yes, several hundred) standing by to offer you the very best advice, guidance, information and access to their top connections. Life is so much easier when you know you don't have to have the answer: You can simply send out a question to your network and they will find the answer for you.

As I look back over my career, I can say with total confidence that I would not have accomplished even half of what I have without the guidance and support of several key mentors. I can also say that some of my greatest satisfaction has been in returning the favor by mentoring others.

I look forward to working with you as your mentor, Chris. I will do everything I can to help you and I'm excited to learn from you as well. Take care, my friend—talk to you soon.

—John

# Advice to a Mentee

*For the last several years I have been a guest lecturer at the "Engineering Innovation" class at the University of Florida where my very close friend David Whitney is the Entrepreneur in Residence. I spend two hours with the class talking about innovation, entrepreneurship, leadership, business and career success. Invariably, several of the students approach me after the class and ask if I would serve as their mentor. I tell all of them I would be very happy to if they can meet one challenge: Read three books that I assign you and send me a brief but focused overview of what you learned from the books. I have had hundreds of students accept the challenge and only one actually finish it! His name is Alex and I am now mentoring him, and here is the memo I recently sent to him answering some very specific questions he had. I think my answers apply across a wide spectrum of business and career success, so I hope you find these comments of value.*

### 1. What actions do you recommend I take to make myself more valuable and successful in a start-up environment?

A: There several things that make someone valuable in a start-up environment (or really any business environment). Here are the first ones that come to mind:

Be a great team player, work well with others, help everyone see the vision of what you're trying to create together, share credit and take 100% accountability. Next, I would say it is important to be intellectually rigorous, challenge ideas without challenging people, bring your best creativity and information to the table, push people to be their best. As part of that, you have to be dedicated to being a lifelong learner and always looking for new information and ideas that will help you be more creative. Also, I believe a large network of mentors, contacts, potential funders and very talented professionals would be something that would add tremendous value to any start-up group. Lastly, I think one of the major things missing in most start-ups is the realization that you're building a business—not just a technology or product. So you have to have at least a few people on the team with strong business acumen: people who understand marketing, customer service, distribution, teamwork, management, financials. I see a lot of entrepreneurs who are totally enamored with their technology and love to work on it but don't enjoy business at all and don't focus on it, so they are soon out of business.

### 2. How can I build my network beyond my current work associates and personal friends?

A: When you meet someone especially impressive, get their card ask them to lunch or grab a beer or coffee. When you arrive at the meeting, be extremely well prepared with great questions: Let them know exactly what you're trying to do, what you're trying to get involved with, and ask for their help and advice (much like you are doing with me). I can tell you as a very busy person who often gets asked for help, advice or to help someone get a job, when I asked them, "What company do you want to work at, what are you really good at, where do your true talents lie?" they can almost never answer. How in

the world am I supposed to help you if you can't even tell me what you need help with, what you want to do, where you want to work. Any answer "I can do anything" or "I'll work anywhere" shows me that you're simply looking for a job and to be able to pay your mortgage—not a career—and there's no way on the face of the earth I'm going to help you get into a company where the only thing you're looking for is money—not how you can contribute to the organization. So know what you're trying to achieve, where you're trying to go, where specifically you need help—and make it very clear to the person how they can help you.

It's also important to note that you only need to meet a few key people, and then they can introduce you everybody else. If you can get one person to introduce you to three more, then each of them to introduce you to three more, and so on, and so on … you get the idea. The key is always looking to learn, looking to help, looking to add value in any way you can—not looking ONLY for what you can take out of the relationship. If you approach the relationship in that manner, people will learn that you're there to add value and help, not just there to try to move your own agenda forward. This is why the idea of lifelong learning and always studying is so critical; if you do not have a bunch of life experience to share with other people, then at least you can bring them good ideas that you're finding. This is why I spend at least one hour a day searching the Internet for great blogs, articles, stories, and videos, and I keep them in files and folders so that when I run across somebody who tells me they have a certain area they're trying to learn more about, I can go back and hunt down one of my files and send it to them and say, "You mentioned at lunch that you were interested in physics. Here's some new information I just found on the Higgs boson and entwined pairs that I thought you might find of value. Thanks again so much for having lunch with me, and I look forward to meeting the three folks you mentioned that would be good contacts for me." If you do this sort of thing with all of the key people that you meet, and stay in touch by sending them articles and blog links from time to time that you honestly think will be of value to them, you will find out that you are building a huge reservoir of good intentions and good contacts. If you do this over your entire career, you realize that you have a huge network of bright, sharp, talented people that are standing by to assist you with great ideas, advice and contacts when you need them. And, believe me, it gives you a great deal of confidence to know that you don't have to have all of the answers, because you've got a huge network of people that are there to help you find the answers. This, Alex, is absolutely one of the master keys of career and life success.

### 3. Do you have any tips or methods that you use for prioritizing and managing your time? Work-life balance?

A: This one is really quite simple—you do not manage time, you manage priorities. Once you get very clear about what's important to you and what you truly value, then it becomes pretty straightforward in how you use your time. A good friend of mine made it very clear to me when he said, "When values are clear decisions are easy." When you know what's important to you, what you're trying to accomplish in your life, what you truly value—then you simply have to have the courage to say "NO" to anything that does not match your vision of your ideal life. It takes practice, it takes time, but eventually you will realize when you're spending time on things that do NOT add value to you, and you

can walk away from them quickly and make sure you don't do that again in the future. For example, I do not find very much value in regular TV and I don't enjoy watching sports, so I watch very, very little TV—perhaps two hours a week, whereas the average American watches 30 to 40 hours a week! If something is not helping my business, making me healthier, contributing to my family, improving relationships in my life and fun—I don't do it. And because of my discipline around not doing anything that does not align with my values and truly contribute to the quality of my life and my family, I have an amazing amount of free time available to invest in myself and the things that I do value.

Also, if you're going to be any good at all at managing time, you must have a way to track your "to-do" list exceedingly well. It is best to use some sort of computer-based system such as Outlook or Act … but people who are great at time management are highly disciplined in logging all of their information into one specific place where they can retrieve it later. That way they don't have to worry about what they're supposed to be doing, because it is all on their calendar. Keep it all in one place, update it often, back it up so you're not afraid you'll lose it, and then put it all out of your mind once you put it into the database and focus only on what's at hand, knowing that your calendar will tell you what you're supposed to do next. I think one of the most important skills of a great leader and someone who is great at time management is the ability to focus on the thing at hand and completely block out all other issues, problems, projects … until it is the appropriate time to focus on the next thing. This is also something that leaders who are great at delegation do: They delegate away a project and then it does not exist in their mind at all. It is off their plate, delegated to somebody they trust completely, and now totally off their mind—freeing lots of time to focus on the things that ONLY they can do as a leader.

### 4. What are some great examples you've seen for making a work environment fun and engaging?

A: Great question. I believe there are two answers to this. Some organizations plan for "fun" by setting up specific days and events to get everyone together to celebrate and build a positive culture. Other organizations let it happen organically because the people in the organization just like each other and enjoy being around and having fun together. So a large part of it depends on the culture of the organization, whether people intrinsically want to spend time doing things together, having fun together—or whether it needs to be scheduled. In many of the small companies I have owned I have said that we would pay for lunch for all of our employees, and their families, and their extended families—as long as we all went to lunch together. I had six or seven employees who would bring their boyfriends or girlfriends/husbands or wives/and often their kids and parents to join us for lunch. Sometimes we had twelve or fifteen people at lunch—three generations—and it only cost me about $6,000 a year to do that for my team. I have been in other companies where we would barbecue one day a week for lunch, and I would grab some steaks or burgers and grill up some lunch, and then we would all sit together and chat. At the other end of the spectrum there are some organizations that plan employee picnics, bowling night, birthday party celebrations, team building off-sites. The goal is to do what feels right, what feels natural, and absolutely NOT force the fun. Lastly, a big

thing that creates an environment that is fun and engaging to employees is helping them see how important and meaningful their work is, what kind of an impact are having, and thanking them often for doing a great job. The best cultures are ones where the managers/leaders spend a lot of time "catching people doing things right." Some of the latest research I've seen, which I agree with strongly, states that there are really five key things that you need to build a high-engagement culture:

1. The ability to set very clear, specific, measurable and binary goals.
2. High levels of trust throughout the organization.
3. Lots of open, honest, robust and transparent communication.
4. High levels of both personal and mutual accountability.
5. And lots of positive recognition for a job well done.

I think in this day and age it is critical that you help employees understand exactly how the work they do fits into a larger picture of the organization, is meaningful, and makes a difference. I also think it's important if you want to have a great culture to invest back in your employees so that you're not just taking from them, you are trying to make every day they come to work a day that improves their lives overall. Lastly, I think you need to show respect for your employees, admire their talent and contributions, get rid of any stupid rules, and make it easy for them to be successful. If you can do these sorts of things across the culture of the entire organization, there is a good chance you will build a culture of highly engaged, satisfied and loyal employees—which, by the way, is the number one factor that drives highly engaged, satisfied and loyal CUSTOMERS. And the last time I checked, highly engaged, satisfied and loyal customers are great for business!

I hope you found this information helpful, Alex. Send back any specific questions you have, or let's schedule a call soon to discuss in depth. Hope you are doing great—take good care.
  —John

# Dealing Effectively with Poor Performers

Out of all of the tools I teach my classes, this idea for dealing with poor performers has been the one that most people tell me is the most useful. When I was young manager, often managing people much older than me, I used this tool to hold them highly accountable for changing their behavior and improving their work products. I call it **The Four Pieces of Paper.**

When someone was not performing up to agreed-on standards and we had exhausted all of the normal management, training and motivational tools, I would ask the person to come to my office and please bring four clean pieces of paper.

We would sit down together in my office, and I would tell them that I really wanted them to stay on the team, I wanted them to improve their performance, and I wanted to help them do it quickly. So I would say, "On the first piece of paper I'd like you to take some time and write out very clearly how you will change your behavior in the next 90 days. How will you show everyone here that you should stay on the team, that you are a valued employee, and that you are truly contributing to the success of the organization? I want you to write it out as clearly, specifically and measurably as possible. I want your goals to be unambiguous, binary, yes or no, you achieved it or you didn'tno guessing."

After they completed writing out the first piece of paper with all of their clear, measurable and specific goals to achieve in the next 90 days, we would discuss them in depth, negotiate them a little, make sure that we both understood them very clearly, and I would double-check to make sure that they were committed to achieving them—then we would both sign it. This was not a contract but rather a promise between two professionals that we agreed that this person was going to achieve these things in 90 days or less.

On the second piece of paper I would ask them to write out everything they needed for me as their leader to achieve everything on piece of paper number one. What resources, support, authority, help, assistance, mentoring would they need to absolutely be able to deliver everything they had just promised on piece of paper number one. Again, once they finished writing out everything they needed on piece of paper number two we would discuss it in depth, negotiate it a little, and both sign the paper to show that we both agreed what it would take to deliver piece of paper number one, and I would promise to give them everything on piece of paper number two.

On piece of paper number three I would ask them to write out very clearly what they would like as a small reward, in addition to keeping their job, if they were to complete everything on piece of paper number one. Perhaps it was a small bonus, a better parking spot, a day off, some flextime … whatever was fair and reasonable in addition to staying on the team. We would then discuss it, negotiate it a little, and both sign it.

Lastly, on piece of paper number four, I would ask the person what the ramifications should be if I did everything on piece of paper number two for them—and they did NOT deliver everything they had promised to deliver on piece of paper number one. Most often, people said termination or I should just go ahead and turn my two weeks and leave. We would discuss it, negotiate it, and both sign it.

After the four pieces of paper were completed and signed, I would make a copy for each of us, and then we would simply have a meeting every Monday morning for 15 or

20 minutes where I would ask the person, "How you doing on piece of paper number one? Is there anything you need from me on piece of paper number two?" And then depending on their progress I would either say something like, "Wow, we're only four weeks into this and you have almost completed everything on piece of paper number one, this is looking really good, I'm very, very proud of you, it looks to me like you will get the stuff on piece of paper number three—superb." Or I might say something like, "Wow, were almost six weeks into this and you have only accomplished bout 10% of the stuff on piece of paper number one, and I have given you everything on piece of paper number two … do you really feel like you're going to get the rest of the 90% completed in these last few weeks?" To which they would typically reply, "No, I guess it's become pretty obvious that I cannot do this job. I think now would be a time to talk about my exiting the company." To which I would quickly assure them I would do everything I possibly could to help them transition smoothly out of our firm and look for someplace where their talents and skills were a better match.

In the 20+ years I've been running businesses I've only had to fire very few people, but I have had numerous people self-terminate. I hope you find this tool as useful as I have found it during my career.

# Ideas on Sales

*Recently, a young man I have been a mentor to decided to take a job in sales to help earn money for college. He is a bright kid, very talented and absolutely one of the nicest young people I know. So in an effort to give him a little help I decided to sit down and share a few key ideas I have on how to be successful in sales. Although this was written to someone brand new to the selling profession, I believe these ideas are applicable to any person who makes a living asking other people to buy what they are trying to sell. I hope you find some value in these suggestions.*

Now, let's get clear at the start: I am not the world's leading expert on sales, nor do I claim to be. However, I will admit I did spend about 10 years where the main focus of my career was delivering very high-level sales training to Fortune 500 companies around the world, and I have also read well over 200 books on sales and listened to hundreds of hours of sales training CDs. But there is still much to be learned.

So with all of that said, I wanted to send you along some comments and ideas … some things to think about as you start your sales career.

*1. Get used to rejection (at least for a while).* When most people start off in sales, they typically get about ten "NOs" for every one "Yes." There are many things that contribute to this dismal closing rate, including a lack of sales skills, a lack of preparation, and a lack of confidence … but one of the biggest problems is trying to sell to the wrong people (folks who are simply not a good match for your product). Lots of salespeople will tell you it's a "numbers game," that if you just knock on enough doors, see enough people, make enough cold calls—you'll make your numbers. That may well be true—but it is a terrible way to go about it. Trying to sell like that takes a ton of time and makes you face loads of rejection from people that honestly have no reason in the world to buy for you. Trust me, that is no fun.

A key idea that great salespeople know is this:

**Highly focused targeting of potential clients + superior sales call preparation = much higher close ratios/ bigger commissions/more referrals/ long-term customer relationships.**

*2. All sales breaks down to three key questions:*

- Do they have a real problem (and do they even know it??)?
- Do I have the right solution?
- Am I talking to the right people?

If the person really does have a problem, and you truly do have a superior solution, and you believe you've done a completely thorough job of presenting your product and addressing all objections … and they still won't buy … you are likely talking to the wrong person (no authority, no budget, not willing to take any risks) and need to either

find someone else in the organization to talk to—or move on to a different customer who will buy from you.

   *3. The ONLY way you will ever be successful in sales is to be completely HONEST and always try to do what is in the best interest of the customer.* Period. Never worry about making a sale—worry about helping your customer. Do not worry about your commission—worry about the ROI for the customer. Do not worry about how well you are doing—worry like crazy about how you can help your customers do better. There is an old saying that I believe is 100% accurate: "**If you just help enough other people get what they want, you can have everything you want**."

   *4. In sales, even before they buy the product—they have to buy YOU first!* This does NOT mean you should try to be a slick schmoozer—this is what crappy salespeople do: They rely on building a "relationship" to close deals. People do NOT buy from you just because they "like" you. They buy from you because they TRUST and RESPECT you and believe that your products and service will deliver the promises you make and give them the results they desire (financial return, fun, esteem, security … whatever problem that are trying to solve by buying from you).

   The goal is to become a **TRUSTED ADVISOR**.

   How do you do that? Here are just a few suggestions …

- You must be an absolute **EXPERT** on your products and services (and I do not use that term lightly—I seriously mean: expert).
- You must be extremely well groomed (dress similar to, but just a little bit better than your best target customers). Unless you are selling drum sets to rock stars, it is best to be clean-cut, polite and exceedingly professional. This does not mean stiff and in a pressed uniform—it means you look and act like your customers, so they feel comfortable when you are around them.
- You must always be on time and ready for the meeting (even if they are not).
- You need to have a VERY solid grasp of the general business trends affecting your clients. Read the paper every day and a few business/trade magazines each month.
- You need to become as knowledgeable as possible about your clients' businesses. The more you know about how they do business, how they make money, who their customers and competitors are—the better job you can do of helping them. **You cannot help someone you do not understand.**
- You also need to become an expert on your competitors. What do they offer, what are their prices, where are they better/worse than you—how are you clearly differentiated?
- Make sure you always follow up and do what you say you will do. You MUST be dependable.
- Always say "Please" and "Thank You."
- Ask for the business—and when you get it, make sure the customer knows how much you appreciate their trust in you. What is the best way to do that? Deliver

what you promised them. Make sure your products and services meet AND exceed their expectations. If you do this—you will never have to "sell" again because you'll be covered by happy customers that want to "buy" from you (and refer you to all of their friends and associates).

- When you make a mistake (and you will—we all do) do everything humanly possible to rectify the situation immediately and begin a massive campaign to regain the client's trust. Take 100% accountability, don't try to blame anybody else, and just fall on your sword and fix the situation.
- Read at least two sales books every month. Yes, I am dead serious here—or you can substitute audio books, webinars, podcasts, blogs—but you must do this religiously. Much of your success will be tied directly to how well you embrace the idea of lifelong learning. Sales is a highly skill-based profession; there are several excellent authors who understand sales very well; get in the habit of reading widely on the topic of sales excellence and especially consultative sales.
- Spend at least an hour every week studying your competition. What are their new products, services, offers, deals? You must keep current with what your competition is doing.
- Spend at least one hour every week working on creating better questions, figuring out how to handle common objections, developing new ways to demonstrate/explain your products and services and why (specifically) they are superior.
- Be absolutely phenomenal in your time management and organizational skills. Become a master at planning your work and working your plan. Have a clear system to track your appointments, important projects, follow-up calls, emails, notes and client information. This is the lifeblood of your business (after all— sales is basically "You Inc."—you are the CEO of your own one-person sales corporation); do not neglect this or let it slip and get away from you— organization and time management are critical for success in sales. (By the way— when you get really good at sales and are generating serious cash flow, you can simply hire an assistant to do all of this for you—so you can focus all of your time and energy on the other items on this list!)

\* I could list another 30—but this is a good start.

I am going to tell you that VERY few salespeople are willing to do the things on the list I have just given you. Oh, they might admit it is a good idea to do these things, but only a very, very small fraction will ever take the time and effort to truly earn the position of Trusted Advisor to their customers. But I promise you the few who do handle all the things on that list are extremely well compensated and enjoy the fact that they get paid to help people.

*5. For the past 10 years I have been asking people in my sales classes to describe the "typical" salesperson.* Here is what they say:

- Rude, pushy, manipulative, lies!
- Does not understand or care about me.
- Does not understand their own products or services.
- Wastes my time.
- Pressures me.
- Talks too much—and does not listen.
- Only cares about making the sale—not what is best for me.

So, you want to be a great salesman? Just do the complete opposite of that list. I am totally serious. Be the complete opposite if what most people think a salesperson is and you will do wonderfully.

- Never lie to a customer—NEVER.
- Be polite, kind and genuinely caring.
- Take the time to truly understand your customer and their unique needs/concerns.
- Be an expert on all of your products and services (and those of your top competitors too). And I absolutely mean EXPERT.
- Never waste even a minute of your customer's time. Always be extremely well prepared.
- Do not pressure or manipulate your customers (they can smell a stupid sales "technique" from a mile off). Focus all of your energy and talent on helping them. Remember: Technique is NOTHING—intent is EVERYTHING.
- Ask very good, well-planned and highly focused questions—then be an extraordinary listener (and take great notes). Here is the mantra: If you want to sell—ask, don't tell.
- Do ONLY what is in the best interest of the customer—even if that means sending them to the competition.

If you do these things with every customer, in every sales call, you will do just fine, I promise.

*6. How to handle objections (it is too expensive, I do not think it will work for me, I don't use services like yours).* The first thing to do is ask several good questions and try to uncover the "real" objection—what is actually the issue? Once you discover the true objection you have two choices:

A. If it is valid (they really do NOT need your product—or a competitor's product would honestly be much better for them) then help them make the right choice. Even if that means picking up the phone and calling your number one competitor and setting up an appointment for them to meet.

B. If the objection is not solid, then you should have an absolutely wonderful, honest and logical way to clearly explain to the customer why they should reconsider their concern. You need sit down and look at the top five objections you will likely get over and over—and you must develop superior answers for those concerns that are so elegant and well thought out that after you have gone through it with a customer they look at you and say, "Wow, now that you explain it that way it completely makes sense. That is not a problem for me at all, thank you." KEY POINT: You cannot do this on the fly. You can't make something like this up. It takes lots and lots of time, thought, effort and refinement. You know the main objections you are going to get almost every time—and you should have a 100% solid "home run" answer in your back pocket that you can trot out and run past the customer to show them you are extremely capable, confident and prepared. That is what a Trusted Advisor is supposed to do.

Okay, I am going to stop here. I could go on for another 20 pages, but I think this is a good start, especially for someone who is just getting into sales.

Now, let me make a prediction. If you show this list to some salespeople, even some who have been doing it for a while, they will likely admit that these ideas are sound—but that they do NOT do them. They will say they don't have time to do all of this (as they are too busy trying to "make their numbers"), they'll say it is different for their products or services, they'll claim they are much better at building relationships than all of this sales stuff—they will have lots of excuses. All I will say is: Judge them by their results. If they have a high close ratio, huge income, happy clients and lots of referrals—and do not do these things—then please sit down and talk with them and learn everything you can from them. But I doubt you'll find many truly successful salespeople who ignore the things I've just shared with you.


I sure hope that helps, but I also recommend you go out and ask every other good salesperson what they think. The more your listen and learn—watch what works well and what does not—the sooner you will come up with your own sales style. Something that fits you and your customers and is in line with the way you want to do business. That is when sales will really get fun—when you create your own way to sell and you build a strong base of customers that like you, trust you, depend on you and are happy and willing to buy from you and recommend to their friends that they buy from you too. That is truly the position of Trusted Advisor—and the foundation of a wonderful and rewarding profession in sales!

Good luck, my friend—look forward to seeing you soon and hearing about how things are going.

—John

# How to Win in a Local Market

*A good friend of mine that is starting up a new professional services firm asked me to have lunch with him to talk about what he would need to focus on to be successful in our town. Here is the exact memo I sent to him, and I think that much of it applies to just about any business and/or any individual trying to separate themselves from the rest of the market—especially a local market. Take a look through my suggestions and see which ones might work for you and your organization.*

- Figure out exactly who your key target customers are—the part of the market you want to own that is the most profitable and where your services will have the most value … as defined by the CUSTOMER … who is the only person who can decide what is valuable and what THEY are willing to pay for. I've seen many businesses fail from serving the wrong customer.

- Create a very detailed "Ideal Customer Profile" to help you understand and stay focused on the people who will truly make your business successful. These are the folks that love what you do, are happy to pay for it, don't argue about price, return often, and tell their friends about how great you and your business are. You want as many of these "Ideal Customers" as possible, and you also want to send any bad customers to your competition!

- Determine who your top competitors will be for those specific target customers. Who is already servicing them right now?

- Study those top competitors, who are currently servicing the customers you want to win, to deeply understand how they position themselves: what services they offer, what promises they make, and what sort of value proposition they are currently bringing to the marketplace that is, for some important reason, winning over the customers that you want to win away from them.

- Figure out how to clearly differentiate yourself from your competitors in a way that will raise the bar and recalibrate the customer's expectations, and be sure that the way you differentiate yourself is of true value to your customer, as defined by the customer, not by you. The key here is: Valued Differentiation x Effective Execution.

- Create strategic alliances with people in town who, by the nature of the business they are in, can become wonderful sources of referrals to you. You want to get as many people like this on your team as possible … but you especially want to identify the top four or five "Opinion Leaders" who are the most influential sources of referrals for you so that you can get these very important individuals on your team and creating a constant stream of high-quality, targeted referrals that represent your Ideal Customer Profile.

- Also, determine people that are in your direct area of competition—but that you do not want to compete against—and try to form strategic alliances with them so you can work together and be in co-option instead of competition. I have a large network of other consultants and speakers who I admire, and when a client approaches me with a project that I do not feel I can absolutely deliver magnificently, I quickly refer them to someone who I believe will be able to do a better job than I. This makes the client happy, increases their respect for my integrity, and I have now done a huge favor for someone else in the industry who will be looking to return that favor if they have the opportunity to in the future.

- Identify your key "Moments Of Truth"—the handful of key things that absolutely have to go right in order for you to be able to meet and exceed your customer's expectation—and create processes to make sure that they are delivered flawlessly—flawlessly—every single time. If you can determine this handful of key things that are most important to your customers and be the best in your market at delivering them consistently, you will win huge market share.

- Establish a brand that represents a completely new level of service and changes the game in your competitive environment. Then position your business in such a way that you alter the decision-making process for your Ideal Customers by creating a new way to compare your products and services to what is currently being offered in the marketplace. In other words, change the rules of the game.

- Position yourself as an expert, Trusted Advisor, partner and peer to your customers by continuously delivering them REAL value and assistance in making their businesses better and more successful—by making them look really good and delivering massive value to their customers. It is one of my very favorite Zig Zigler quotes: "If you just help enough other people get what they want, you'll get everything you want."

- Be sure that every single time you do a superior job—and your customers tell you that you are fantastic—follow up instantly with a request for referrals. If they say you're awesome, thank you, thank you, thank you … tell them that the very best way they can thank you is to tell 10 other people about how fantastic you are and strongly recommend that they do business with you. Positive word of mouth in the form of strong personal referrals is the single most valuable advertising/marketing vehicle there is on the face of the earth. You can pay hundreds of thousands of dollars to buy ads in every magazine in the world—but a handful of strong personal referrals from key opinion leaders will drive much more business than those as ever could.

- Keep track of your best customers. Check in with them regularly—talk with them—ask questions and LISTEN. The best way to grow your business is to determine who your very best customers are—and turn them into your marketing

department. Deliver GREAT products and service to them and get them to help you find more customers just like them—and understand the needs of those customers better than any of your competition.

- The best way I have found to keep in touch with my top customers is to constantly look for information, ideas, articles, blogs that they would find truly valuable—and then send them one about once every two or three weeks with a note that says, "I just found this article and it made me think of you. I believe it has some information that will be of value to you and your business, hope you doing great, take good care. – John." I have a list of about 300 top customers that I try to send a note like that to at least every two weeks with something really interesting and of value that I know they will enjoy receiving.

- Once you figure out what works best for you—what truly leads to gaining real market share and significantly increasing profitability—focus like crazy on that area and get better and better at it every day. Create a process in the system to ensure that you are bringing in new ideal clients, delivering great products and services, turning them into evangelists for your business, and then asking for more referrals. If you are working like a madman to constantly add value to your customers and clients, they will be more than happy to share your name with their friends and colleagues and introduce them to someone who's going to do a great job for them too. Is truly a virtuous cycle, but it all depends on you consistently delivering superior customer service and adding massive value to the clients you serve.

I hope you found some of these ideas helpful. As always, I look forward to your feedback, ideas, comments and suggestions.

Thanks so much,

—John

# What Keeps You Up at Night?

*This is a brief note I sent to a group of my close friends are all small business owners, because this is an area where I see lots of businesses fail, and I wanted to make sure my friends were keeping focused on this critical aspect of business success.*

A few days ago I was talking to one of my clients, a brilliant young man (it hurts me to say that since I believe he's in his late 30s) who runs a great little company out in California. Things are going very well for his firm, he has a lot of business booked, and he was really feeling pretty secure. So I decided to ask him one of my "secret weapon" questions: ***"In terms of the business, what keeps you up at night? What are the top two or three things that worry you?"*** He answered that the first one was compensation; he was concerned as to whether or not his business had done an adequate job of building a fair and equitable compensation system for their top performers. He thought a little bit longer and said the second issue was hiring talent. Their firm was growing fast; he needed to hire super-talented people for his team that had the ability to hit the ground running fast and start working with clients immediately. After a little more deliberation he said, "Those are the only two things that keep me up at night right now." I told him that those are both important—but that he had missed the absolute most important thing that should be keeping him—and every single business owner in the world—up at night.

The single most important thing to worry about is … are your customers totally enthralled with the products and services you are providing to them? Do they love your business? Are they crazy about what you sell them? Do they truly enjoy interacting with your employees? What do your customers honestly think about your firm right now?

This hit him like a ton of bricks. He was very apologetic, saying that he should've thought of that, and I assured him that very, very few people have ever answered that question the way I hoped they would. Most businesspeople I know are so inwardly focused on their processes, their systems, their people, and their internal issues … that they forget that the person who pays ALL the bills is the customer. Without happy, engaged, loyal and fanatic customers—eventually you will go out of business.

So to my mind, the most important thing for you to focus on is **owning the voice of the customer**, getting as close to your customers as possible, and deeply understanding what their expectations are, what will make them happy, what will make them angry, what would make them give you more of their business, what would make them take their business away from you. And the ONLY way to do this is to ask them … in 100 different ways … and then listen, listen, listen, listen. They will tell you exactly what it takes to be successful—actually, they are the ONLY ones that can tell you what it takes to be successful in your business—because they are the ones that decide whether or not to GIVE you their business!!

NOTE: Yes, you need absolutely fantastic employees who are highly engaged, loyal and motivated—because that is the single most important driver of happy, loyal and engaged

customers. And of course you need quality products and service delivered at a reasonable price; that is a given. However, it is completely possible to have great people, great products, superb service and fair prices—and go out of business because you do not have enough customers.

So my suggestion to you is that although you have lots of things to be concerned about in your business, and several of them that likely keep you up at night, if there is anything that should stay at the forefront of your mind as the single most important thing to think about, worry about, fret about, be totally and completely obsessive about … it is: What are your customers saying about your business?

That, my friends, is definitely the $64,000,000 question!

# How to Manage Conference Calls

*This is a note I sent to a very senior executive at a multinational company who is in charge of a virtual team that spans four continents. Nearly all of her interaction with their team was via conference call, so she asked me for some advice about how to make them as effective as possible.*

Robin,

Based on our discussion last week, I wanted to put together this overview of things to improve your phone conferences skills. I am sure you already know and do a great majority of these things, but it is nice to have a reminder and possibly pick up a few new tricks. Here is everything that came to mind …

*1.* Realize that much of business these days is done through email and over the phone. These are both lousy ways to communicate important information—but it is what we are stuck with. Research shows that 93% of communication is nonverbal—body language, facial expressions, eye contact … at least on the phone you have some additional tools such as tone, pace, vocal intonation, volume and such—email leaves you completely vulnerable to hoards of miscommunication marauders. So, when you are trying to communicate very important information, especially in situations that are fraught with emotion, are highly complex and confusing, or when you are floating a new idea: Face-to-face is best if at all possible, next is video conference, then phone, and the very last resort is email.

*2.* Sit down at least three or four minutes before the call, take out a piece of paper, and prepare for a phone conference just like a regular meeting. Have an agenda, a specific goal for the meeting, and a list of information you need to share and information you need to collect. Even if you are not running the call, you should still be extremely well prepared.

*3.* Before you dial in, clear your desk and your mind. Turn off your monitor, turn off your CrackBerry/iPhone and get a clean part of your desk where you can sit and take notes without any distractions. Focus completely on the call—do not try to multitask.

*4.* Have any information you might need for the call already at hand: calendar, reports, data, memos, org chart … you don't want to have to try to search for this stuff during the call. Also, make sure you have carefully read any memos or information that is pertinent to the call—before you get on the call.

*5.* When the call starts—whether you are running the call or not—make sure that there are clear ground rules and expectations for the call (either set by someone else—or you can offer them). How long will the call be, what is the general purpose of the call, who is on the call and why, what is the specific desired outcome of the call. This should only take a few seconds to cover—but it is important to set the tone and verify why this call is necessary. If you are in charge of the call, I would highly recommend sending this information out at least a day before the call so that everyone knows the ground rules and comes to the call well prepared.

*6.* During the call, use these tools to keep the conversation focused and on track:

- *Perception-checking questions:* *Does that sound good? What problems do you see? Is anyone uncomfortable at all with this? Does anyone have a concern? Is that 100% clear? Does this seem reasonable? What do we need to talk about more while we have everyone on the phone? Is there any question we forgot to ask or anything we have left out?*

- *Role call:* Check in with specific people from time to time to make sure they are engaged or to elicit their unique expertise or opinion. *John, what do you think about that? Wendy, do you have anything to add? Bob, I'd like to hear your thoughts on that. Sue, we have not heard from you in a while; what are you thinking around this idea?*

- *Control:* This helps "control" how much information a person delivers—either a very focused answer or a very broad answer. *Please give me what you feel are the top **three** reasons … Could you share with us **everything** you feel we need to know about … What is the number **one** issue with … What are **all** the issues around … What do you see as the top two or three most important … In as much detail as possible could you help me understand your thinking around …*

- *Cushions:* What you put on the front of a difficult or pointed question to ease into it and show the other person that you are asking this tough question because you are trying to help them. *So that I can better support your team, could you explain to me … In order for me to make sure you have what you need, will you please share with me … Because I know this is important to you, will you take some time to go trough …*

- *Condition Statement:* This is something you put on the front of a difficult or pointed question to explain why you are asking it: *I was looking over the report and noticed XXX, which made me wonder … I was talking to Fred over in IT and he brought up an excellent point; he felt … I was reading the* Wall Street Journal *this morning and saw an article on XXX, which prompted me to think about … how do you see it?*

Here is a list of types of questions that will help you keep the conversation focused, productive and on track:

- *Go/No Go*: *Do we even need to discuss this? Do we even have the authority to make this decision? Are we the right people to be discussing it? Do we have the all of the right people on the phone to discuss this now? Is now the best time to be discussing this? Is this the correct thing for us to focus on right now? Would this be better handled through a face-to-face/an email?*

- *Clarifying:* *What specifically do you mean? In other words, what it seems like you are saying is … From everything I have heard, it feels like the main issues are … I*

*am not sure I understand exactly what you are getting at; could you take a minute to clarify … According to the numbers you have given, it looks like … is that correct? Could you be more specific? Can you give us a bit more detail?*

- **Assumptions:** *How do we know this is true? How can we be sure these numbers are right? What assumptions are we basing that on? How did they measure that? What was the methodology for collecting that information? Who supplied this information? What else is this like? How is this different? What might possibly go wrong? What is completely unique about this?*

- **Causation:** *What caused this to happen? What do you think was the root cause? What triggered this to happen? What do you feel were the main drivers of this? What lead us to this position? Who was responsible for this happening? Who made this decision?*

- **Impact:** *What do you think will happen? How will this impact … What will the outcome likely be? What alternatives do you see? What do you think the probability of this happening is? What do you see as the benefits? How might this hurt us?*

- **Actions:** *What do we need to do first? What should the next steps be? Where do we go next? How do you want to handle this? Who will be responsible? How will we know what success looks like? What is the plan for implementation? Who has accountability?*

\* The above questions are based on a superb system called "Precision Questioning" taught by Vervago. I have been certified in this system and found it to be extremely useful. If you can ever get to one of their programs it is well worth the time and investment.

*7. Since you are asking superb and well-worded questions—the next key is to be excellent at listening to the answers.* For me the only way to do this is to remove any and all distractions. I actually close my eyes while listening so nothing can pull my attention away. I also repeat what the person is saying over and over again in my head to keep the mental chatter at bay and help me lock the information into my brain. I constantly summarize and paraphrase their comments, keeping focused on what they are saying, what important points they are making, and the main ideas they are expressing.

*8. Along with superb listening is superior note-taking.* The key here is to create a system for yourself so that you can quickly and easily get down all of the most important information—sort of your own personal shorthand, with symbols and words that make sense to you. I cannot possibly stress strongly enough how valuable taking good notes can be; it has been a career saver for me more than one time. Be sure to date all notes, list people on the call, and circle/star the most critical information.

*9.* Never, ever get off a call without clearly determining what will happen next and specifically who is accountable for it The next step might be another call, a meeting, the launch or termination of a project. A good way to do this is to use your notes to give a

very quick summary of all of the main things covered, check in to see if that is right, then list the action steps and action owners—and then ask for verification.

*10.* I typically end most calls with one last opportunity for anyone to offer an opinion or concern. My standard line is: Before we hang up, are there any questions, concerns, issues, pushback, feedback—anything else to offer?

*11.* Immediately after the call, while things are still fresh in your mind, take just a minute or two to go back over your notes, add in information, rewrite things you can't read, list next steps, and then file the notes.

*12.* If appropriate, I will often follow up a phone conference with a very brief summary of the key points and action steps/action owners as soon as possible after the call. Again, I cannot tell you how valuable this practice is been sending out a quick note within 10 or 15 min. after the call summarizing all of the key ideas and action steps. This saves a lot of headaches and problems and has been wonderful for CYA when needed.

*13.* On rare occasions, when a call really does not seem to go well, I will immediately pick up the phone and call one or two of the key people that were just on the conference call to elicit their opinion of the call and any concerns or issues they might have.


Well, this is about all I can think of right now; if I come up with more I'll send it along. As I said at the beginning, you likely already knew much of this; however, the simple question is: Do you do these things on each and every important conference call?

Hope that helped—have a great weekend—I will talk to you very soon.

—John

# Recap of My Key Takeaways from the MIT EMP

*This is up a memo I sent out to a very select group of CEOs, presidents and business owners to share with them some of the amazing information I learned during my time as instructor at the MIT Entrepreneurial Masters Program.*

The MIT Entrepreneurial Masters Program is considered one of the most prestigious entrepreneurship courses in the world. It is held in partnership with the Entrepreneur's Organization (EO) and used to be called The Birthing of Giants. Entrepreneurs from around the world apply for the program and only 65 are chosen each year for the three-year course. I was honored to be invited to both participate in and teach at this year's session. I took nearly 45 pages of notes, and here is an outline of what I felt were the most important things we covered. I hope you find this of value.

After all of the entrepreneurs talked about the things that they were most interested in learning about, it seemed that there was a pattern of seven major areas:

1. How to grow the business to get to the next level and make it scalable.
2. How to manage fast growth.
3. Creating a culture of disciplined execution with high levels of accountability.
4. Building a high engagement culture that attracts top talent.
5. How to deal with aggressive/new competition.
6. How to adapt/change business models.
7. How to have more focus and not be distracted by other opportunities.

Here are key quotes/ideas I heard from the instructors (all VERY successful entrepreneurs) and the attendees:

- To get the right answers—it is critical that you learn to ask the proper questions.
- People want a fit—recruit for fit. Hire for attitude—train for skills.
- You cannot grow your business. Only your **people** can grow your business.
- Deeply understand your key target customer and clearly communicate one focused benefit that they will enjoy by investing in your products/services.
- Answer this question: What problem do you solve or desire do you deliver to your key target customer?
- Your brand promise must be functional/economic/emotional.
- Jack Welsh: "If you do not have a competitive advantage, don't compete!"

- Understand your **predictive** KPI's (**K**ey **P**erformance **I**ndicators) that directly correlate to how your business will be doing *in the future*—not how it has done in the past!
- Are your people 100% clear about what they are accountable for and the specific metrics that are tied to it?

**Visibility drives accountability—accountability drives engagement—employee engagement drives customer engagement—customer engagement drives customer loyalty—customer loyalty drives increased revenues and profits.**

- Culture is not perks.
- A culture of greatness = company of greatness.
- Core values + core purpose + envisioned future is what builds the culture.
- You need to create raving fan employees.
- Culture is built by design—not by default!
- Your core values are your soul—they are your "Hard Core Values"—and are nonnegotiable.
- When values are clear, decisions are easy!

1. You must be fanatic about your core values—no guts, no glory.
2. Get the right people on the bus.
3. Hire slow—fire fast.
4. Reward and recognize for cultural fit.
5. Tell stories to support the culture.
6. Create systems to support the culture in multiple ways.
7. Creating a great culture takes lots of patience and persistence.

**To build an inspired culture, you build it around your core purpose. Purpose is the secret weapon in your business. More than making money … people want to make a difference; people want to do something that has meaning.**

- It is all about quality relationships first—with your employees and with your customers.
- Pick the customer type first—then build a business around them. Surround that customer type with a "network of value." Give them a product of superior value that they will enjoy greatly and tell all of their friends about.
- Help your key target customer understand that they can ONLY get what they want from you—and they might not be able to get it … because it's limited.
- Create interest and urgency.

- Start with a big idea: create the package, communicate the value to your key target customer type, create a community of key target customers, then sell a "web of value" to them, other products and services that your key customer type wants very much and would trust you to sell to them.
- Approach your business and your life with an **attitude of gratitude**.

1. Find your industry or company bottleneck.
2. Ask "why" five times or more to get to the root cause of the bottleneck.
3. Formulate your **Essential Question** (your X-factor question): How can you get 7–10 times better at eliminating/changing the bottleneck?
4. Focus your reticular activating system on finding the answer to your essential question.
5. Get others to help—ask the smartest people you can find for their input, suggestions and ideas.
6. Once you understand the answer to your essential question—take massive action!!!
7. Start all over again.

**You must be obsessive about the Essential Question.**
**Great leaders are:**

- *Evangelical about their vision and purpose.*
- *Always on—always focused, excited, and acting like a leader.*
- *Superb at communications—mostly asking questions and listening.*
- *Make it real—they do not try to pretend to be anyone but who they are.*
- *They are humble and accountable.*
- *They understand the business deeply.*
- *They are excellent at hiring people that are smarter than they are.*
- You have to care about the people in your business … really care … care enough to listen.
- Accountability = empowerment.
- The formula for business success: (T + C + ECF) x DE = Success … Talent + Culture + Extreme Customer Focus x Disciplined Execution = Success.
- To become world -class you need the 4Ps: passion, persistence, practice and pattern recognition.
- The five factors for being a great strategic thinker are: business knowledge; experience in your market and in business; taking time to sit back and look for the patterns; seeing a pattern and getting a flash of insight; then taking massive action combined with disciplined execution on your strategic insight.

- The key to building a world-class company and career is: **KNL**. *Knowledge*—you must be extremely knowledgeable and competent at something that is highly valuable in the marketplace; *Network*—a lot of the right people need to know that about you, people who can tell hundreds or thousands of other people about how great you are; *Love*—you must be a person of honesty, integrity and love. If you are a loving, kind, high-integrity person—and a lot of the right people know that about you—and they also know that you're very, very good at something that is highly valuable in the marketplace—you have everything you need to build a solid and successful career/business.

- The three key elements of excellence are: **Focus—Discipline—Action**. You must be extremely focused on your "*philosophy of excellence*" for both your life and your business. You must have the discipline to then go out and execute on that every day—not just talk about it, not put it on a poster on the wall, but actually live it in every part of your business and life. Action—the amount of action you apply directly determines the amount of results you will get.

- The quality of the people you get and keep on your team will determine the long-term success of your business. It is all about people, people, people.

- Culture = Cash!!!

- The number one factor that impacts the level of highly engaged, loyal and satisfied customers in your business is the number of highly engaged, loyal and satisfied employees in your business.

- People do not leave a job for pay. As long as the pay is fair (10% above or below what they would make to do the same job at any other company)—they are most interested in working in a place that is fun, fair, friendly and family-oriented; where they have the freedom to do their job well; they take pride in the organization they work for; they get some sort of genuine, honest and sincere praise every 7 to 10 days; they feel that their work is meaningful; and they also feel like they get to finish what they are working on—they actually deliver real results.

- Key factors that drive a great culture are "atmosphere issues"—they do not cost any additional money.

- The three things that every person looks for in any important relationship in their life are: safety, belongingness and appreciation.

- **Whoever owns the voice of the customer owns the marketplace**.

- Be fanatic about listening to your customers—ask them in 100 different ways if they are happy, what would make them happier, what makes them unhappy about your products and services, what would it take to get them to give you more of their business … ask lots of questions and listen, listen, listen.

- There are oftentimes hundreds of touch points when you interact with a customer, but there are only a few key **Moments Of Truth** (MOT) that are "make or break" interactions between your company and your customers. It is essential that you create systems and processes to flawlessly deliver your Moments Of Truth each and every time you come into contact with the customer.
- The only person who can tell you what your Moments Of Truth are—and what you need to do to deliver them superbly—is your customer.
- 43% to 74% of purchasing decisions are made by word of mouth/word of mouse.
- 78% of companies say that a majority of their new business comes from referrals—yet only 23% have any kind of a system or process to reliably generate strong personal referrals of key target customers to their business. There is a huge opportunity for the business that can create a referral engine—where their current great customers bring them lots and lots of more great customers.
- Only 10% to 15% of businesses effectively execute on their plans. Lack of disciplined execution is the single largest factor that holds back the success of most businesses. Put another way, companies that are superb at disciplined execution create massive advantages in the marketplace.

Since accountability and disciplined execution seemed to be such an important topic during the EMP, I have pasted in some key highlights from my reading on this topic below:

- Most companies do not develop a strong culture of execution and accountability.
- When a strategy fails, it's almost always because of a failure of execution.
- Execution needs cadence—a sense of urgency to get the MOST important things done right away.
- Plans should be as clear, simple and easy to understand as possible. Can you get your strategy to ONE page? Does everyone in your business know and understand the strategy?
- A great strategic plan—without a solid EXECUTION plan—is useless.
- Spend as much time on planning for execution as you do in developing the strategy.
- Make effectiveness, accountability, execution and performance core values of your culture.
- Execution involves linking people, strategy and operations to the achievement of specific, measurable and shared goals.
- Make all KPIs visible: Create a dashboard and use it to drive accountability and execution.
- Revisit the plan and KPIs often—like every day. Or at least one a week!!!

- Once you have set the plan, communicate it like CRAZY—send a clear and consistent message about your vision, values, plans, goals and how you are currently preforming against them!!
- Have the courage to speak honestly and frankly about performance—or lack thereof.
- Reward the people who get things done, but link rewards to clear and specific performance goals.
- Reward the RIGHT goals—reward outcomes, not effort or activity.

I hope you found that recap of value. I am sure there were many, many additional ideas that were extremely valuable—but out of my 40+ pages of notes these were the ones that really resonated with me. I welcome your feedback, additions, ideas and suggestions.

Thanks so much

—John

# The Formula for Business Success

In 2009 I wrote a book called *Awesomely Simple – Essential Business Strategies for Turning Ideas Into Action*, which was an overview of what I felt were six fundamental things that every business needed to focus on in order to be sustainably successful. The six elements were:

1. Vivid Vision
2. Best People
3. A Performance-oriented Culture
4. Robust Communication
5. A Sense of Urgency
6. Extreme Customer Focus

Although they seem pretty straightforward and simple, I did a massive amount of research to come up with these six core elements. Recently I came across a software program called Wordle that allows you to load text and documents, which it converts into a "word cloud" with the largest words representing the information that is most prevalent throughout the documents. With great excitement I loaded the manuscript of my book (53,518 words), all of my research notes, and the manuscripts of another dozen top business books from recognized business thought leaders and was delighted when it produced a fascinating word cloud that clearly (at least to me) showed the pattern of key themes around the idea of business excellence.

After studying the word cloud at length, I was able to boil all of this information down to a single equation that I think does a pretty good job of capturing the essential elements for running and sustaining a highly successful organization. Here's the equation:

$$(T + C + ECF) \times DE = \text{Business Success}$$

Let me take you step-by-step through the elements of this equation.

## Talent

You have got to have the brightest, most talented values-based people you can possibly get on your team. Let me make this as clear as possible: "The success of your organization is directly proportional to the quality of the talent you can attract and keep on your team." I had the great honor of spending some time with one of America's wealthiest and most successful entrepreneurs, a man who started with nothing and built it into a multi-billion-dollar company. When I asked him what the absolute best business advice he could give me was, he smiled and said with great confidence, "It's all about people, people, people. You can kid yourself about a lot of things in your business, but at the end of the day it's always going to come down to the quality of your people." So the goal must be to become a connoisseur of talent, to make your organization a talent

magnet, and create an organization that highly talented, wildly creative people desperately want to work at. This is step one in creating a truly successful organization.

### How I Define Talent

I just told you that talent is critical to the future success of your business, but let me take a moment to dig a little deeper to explain specifically what I mean when I talk about a person being the kind of "talent" I want on my team. The first and most important thing I look for is honesty. I can send someone to a class to learn how to run the cash register, fill out a spreadsheet, operate one of the machines, become a salesperson—but there is absolutely no class, no book, no seminar on the face of the earth that will teach someone to tell the truth and live with integrity if that is not part of their DNA. Along the same lines, I also want someone with a great attitude who loves to serve other people. An attitude of gratitude, happiness, excitement … passion … and a real joy in the opportunity to be of service to others is immensely important. Lastly, I look for at least a mid-level of competence combined with a high level of aptitude. If someone is pretty good at what they do—and very good at learning—I can send them to a seminar, give them some books, coach them, mentor them … in order to get them up to speed. So to me, the keys are: honesty/integrity, fantastic attitude, desire to be of service, confidence and aptitude. These workers are the elements of people who have the potential to be the kind of "talent" that will become highly successful members of your team and drive great success in your organization.


## Culture

Many people used to feel that "culture" was sort of a touchy-feely issue, but nothing could be further from the truth. If the success of your business is truly tied to the quality of the talent you can attract to your team …the single most important factor in attracting top talent is your organization's culture. Great people want to work with other great people at a company that has a superb culture. But how do talented people define what a great culture looks like? Again, based on an incredible amount of research on my part, looking at dozens and dozens of studies of the key characteristics of a great place to work, here is what I believe are the top 10 elements of winning culture:

1. People enjoy the work they do and the people they work with.
2. People take pride in the work they do and the company they work for.
3. There are high levels of engagement, connection, camaraderie and a community of caring.
4. There is a culture of fairness, respect, trust, inclusiveness and teamwork.
5. The leaders walk the talk, live the values, and communicate a clear vision and strategy for growth.
6. Lots of open, honest, robust and transparent communication across the entire organization.
7. The company invests back in employees; there is a commitment to learning, coaching and development.

8. There is a bias for action: Employees have an ownership mentality and always strive to give their personal best.
9. There is high accountability and a strong focus on delivering results.
10. There is ample recognition and rewards, and mediocrity is not tolerated.

I would like to challenge you to take a few minutes and study these ten elements very carefully and then score your company culture on a scale of 1 to 10 with 10 being excellent and 1 being terrible. To me, any score below a 7 should give you concern, and if you want to create the kind of organization that attracts the best of the best, you will need to be an 8, 9 or 10 on all ten of the elements.

### Another Key to Success

As I explained above, most companies definitely want their folks to display high levels of accountability and embrace an ownership mentality, but in order to do that it is essential that you set very clear expectations around what great performance and exceeding expectations actually looks like. Here is one of the most important business phrases I have ever learned:

### Ambiguity Breeds Mediocrity

You can hire the most talented people in the world, but if you are not very clear about what you want them to do, what great service looks like, what truly great work looks like … what, specifically, they must do to consistently exceed expectations—then there is no way to hold them accountable! So a critical element of creating a winning culture is to put in place the systems, processes and procedures necessary to very clearly show all of your employees exactly what is expected of them. Now, before you go crazy writing new rule books and employee manuals let me make something else very clear: I hate process. I can't stand rules, procedures, checklists and processes … however, I do know with 100% certainty that it is impossible to create "repeatable success" without putting processes in place. So the goal here is to understand deeply what the most important elements of success are in your business—and then create only the processes and systems necessary to ensure that those key deliverables are consistently executed exceptionally.

**It is pretty straightforward:** *Clear expectations lead to higher levels of accountability—higher levels of accountability lead to higher levels of employee engagement, which is the single most critical success factor in creating highly loyal, engaged and satisfied customers*.


## Extremet Customer Focus

Next, we take the first two elements of the equation "Talent + Culture" and focus them intently on delivering consistently superior customer service. Let's just deal with the facts: For nearly every organization in business today, about the only sustainable competitive differentiators left are the quality of your people and the quality of the service they deliver to your customers. Competitors can copy your products, they can copy or beat your price, they can copy your distribution channels, they can reverse engineer your technology, they can put a location directly across the street from yours … they can copy just about everything BUT who you have on your team and how your team treats the customer. Therefore, building a culture of extreme customer focus, where your

organization "owns the voice of the customer," is one of the surest ways to control the marketplace. How do you do this? In 100 different ways, from surveys, to feedback cards, to customer panels, to new users groups, to focus groups … any way and every way you can possibly get closer to your customer than your competition. Remember: Whoever has the best relationship with the customer wins!

### *Disciplined Execution*

Lastly, you combine the first three elements: Talent + Culture + Extreme Customer Focus … and then you work like crazy to get your entire team to execute with discipline. When you look at the core elements of creating a culture of disciplined execution, there are basically nine key things that you must do:

1. Establish a clear vision for what success looks like and the core values that will guide the team there.
2. Ensure that your strategy is highly focused, differentiated, defendable, and adds real value to the customer.
3. Gain FULL commitment from your leadership team and all key stakeholders that they will focus intently on executing the strategy.
4. Make sure that you have complete alignment across the organization: that your vision and values, strategy, plans, goals, objectives, tactics and action steps are all pointed in the same direction.
5. Put any systems, procedures or protocols in place that are necessary to ensure effective execution.
6. Foster clear, consistent and relentless communication about the vision, strategy and the demand for effective execution.
7. Give people all of the training, time, resources and support they need in order to effectively execute the strategy.
8. Adjust and innovate as you execute the strategy. Measure, track and post progress; communicate necessary changes.
9. Praise and celebrate success lavishly; deal decisively with failure.

So there you have it, the pattern of business excellence: Talent + Culture + Extreme Customer Focus multiplied by the power of Disciplined Execution. Now I fully admit that these are NOT the only things that drive business success; you obviously have to have great financial management, put out a quality product, and do it all legally and ethically … but it is my position that if you can nail these four things extremely well in your business, you will have addressed the major things that will allow you to build a strong foundation for your business.

# Conclusion

I very much hope you found the ideas and tools I shared in this book of great value, as everything I have put here comes from my strong desire to give my clients and the people who attend my workshops the very best business advice I possibly can. As I am sure you can tell by now, one of the main things I focus on is taking ideas … and turning them into action, so now the key is to take the things here that make sense to you and implement them in your business. There was nothing fancy or super sophisticated about anything you read; these are solid, fundamental business skills and ideas that form the foundation of building a sustainably successful organization. As I often say at the end of my workshops: use it or lose it.

I also hope you now have a stronger appreciation for the art of asking for help and advice. Every successful businessperson I've ever met clearly understood the tremendous value of surrounding themselves with mentors, peers and colleagues and going to them often to ask for their feedback and input. The world moves far too fast and is far too complex to make it totally on your own, and life becomes so much easier and less stressful when you know there is a large group of people who are invested in your success and willing to offer you their best ideas. Many of the letters you read in this book were to senior executives and CEOs at major global companies, people that other folks would think know it all, but the truth is they're the ones who most appreciate having someone who they can go to to help them make tough decisions and create smart strategies. I have been honored to play this role for them, and now also for you.

As you go forward, if you find yourself in a position where you need some advice, please don't hesitate to send me a note (john@johnspence.com) and I will do my best to help you. As part of that, you might want to take a quick look at my website (www.johnspence.com) as I have a link there to my YouTube channel with lots of great videos and a blog where I have written several articles similar to the memos in this book. If you thought this book was super helpful, or you find something on my YouTube channel or blog that you think is valuable, I sure hope you will take a moment to pass a link along to anyone in your network you feel might benefit from the information, as even the best ideas in the world are useless if they are not shared.

I wish you every possible happiness and success,

John Spence

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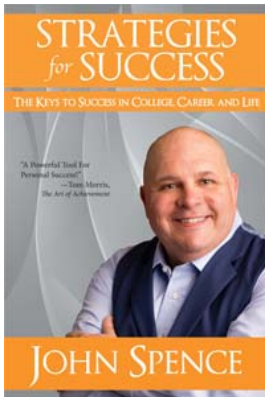
*Strategies for Success*

John Spence makes the very complex awesomely simple, and reveals the secrets to how he's succeeded in business.

John Spence is one of America's top minds for business, touring the country, speaking to massive corporations, delivering critical business ideas in an engaging, straightforward, and easy-to-apply manner. Now he brings these acclaimed practices to the page, and shares how the first person he taught to succeed was himself.

He attended a top prep school, played sports, got good grades, and enrolled in the University of Miami—where he promptly failed out. That was the spark Spence needed to set right his course, and he soon turned his life around, graduated from the University of Florida, and is now a highly sought-after speaker. He's taken his experience to illustrate how everyone can turn their businesses, and their lives around with the right mindset and the right tools.

From intensive research, countless books, and hours of seminars, comes Strategies for Success, Spence's own personal workbook filled with powerful ideas, helpful methods, and insights from some of the world's most gifted thinkers. This intensive program is designed to help create a clear and focused plan to enjoy more happiness, balance, and success in one's life and career.

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