

# FOCUSING ON WHAT MATTERS

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## Thought Provoking Insights December, 2010

### First Key Objective of Strategy (Per Larry Bossidy and Ram Charan)

- **Win Customer Preference**



Five years ago I asked one of my largest customers why he does the business with us he does. He answered, "because you are easy to do business with! Your customer service people are the best. If there is a problem, you can quickly get a hold of anyone you need to. They fix the situation quickly and communicate right away. My other vendors make it difficult."

Consumer Reports releases a holiday list of companies that are naughty and nice to deal with based on specific policies. Some of the nice ones:

- Southwest – two pieces of luggage, no charge
- L.L. Bean – 100 percent product satisfaction guarantee. Return anything at any time for any reason.

- Zappos – free shipping and returns, including a prepaid return label
  - Costco – open-ended return policy for virtually everything
  - Orvis – shoppers can call a toll free number and talk to a human being – Imagine that?
- (From Naughty and nice in business by Becky Yerak, McClatchy-Tribune)

Are you winning customer preference? Are you easy to deal with? How do you know? Do you know what your net promoter score is?

### Second Key Objective of Strategy (Per Larry Bossidy and Ram Charan)

- **Create a Sustainable Competitive Advantage**



### Individual Sweet Spot

One of my philosophies about ensuring someone is on the right seat of the bus is if they can spend 80% of their time doing what they are good

at and what they love to do, success usually follows. In "What Brain Science Tells Us About How to Excel" (HBR – Dec. 2010), Edward M. Holland positions it this way – your goal should be to spend most of your time at the intersection of three spheres:

- What you like to do
- What you do best
- What adds value to the organization

The rest of the story is:

- Connect – working on a connected team galvanizes people in ways nothing else can
- Play – imaginative engagement with the task
- Grapple and grow – conquer difficult challenges
- Shine – recognition

Considering that one of your largest investments is leadership talent, where are you and your people in this equation?



### **Stress Test Your Strategy**

"The most serious mistakes are not being made as a result of wrong answers. The truly dangerous thing is asking the wrong questions." Peter Drucker

According to Robert Simons, there are 7 questions you should ask, and be able to answer, to ensure that you keep the fundamentals of your strategy execution on track.

- Who is your primary customer? allocate all possible resources to meet and exceed their needs – minimize resources devoted to everything else
- How do your core values prioritize shareholders, customers, employees?– it should be clear
- What critical performance variables are you tracking? – should be 2 to 4
- What strategic boundaries have you set?
  - If safety and quality are your main concern, tell people what to do
  - If innovation and entrepreneurial thinking are important, hire creative people and tell them what not to do.
  - Boundaries – must be enforced consistently
- How are you generating creative tension?
  - Assigning stretch goals
  - Ranking according to importance
  - Setting spans of accountability that are greater than spans of control
  - Allocating costs
  - Creating cross teams
- How committed are your employees to helping each other?
  - Pride in purpose
  - Group identification
  - Trust

- Fairness
- What strategic uncertainties keep you awake at night?
  - The organization must constantly monitor uncertainties that could invalidate your assumptions

(Stress Test Your Strategy, The 7 Questions to Ask by Robert Simons – HBR November, 2010)



**Four Lessons In Adaptive Leadership**, by Michael Useem (November 2010, HBR)

“....so the armed services train their officers in ways that builds a culture of readiness and commitment. Business leaders need just such a culture to survive and succeed, given that they, too, face unprecedented uncertainty-and new types of competitors.”

- Meet the troops – creating a personal link is crucial to leading people through challenging times
- Make decisions – making good and timely calls is the crux of responsibility in a leadership position
- Focus on mission – establish a common purpose, buttress

- those who will help you achieve it, and eschew personal gain
- Convey strategic intent – make the objectives clear, but avoid micromanaging those who will execute on them



**Finding Competitive Advantage in Adversity**, by Bhaskur Chakravorti (November 2010, HBR)

“Never waste the opportunities offered by a good crisis.” Machiavelli

“Competitive advantage emerges from pressure, challenge, and adversity, rarely from an easy life.” Michael E. Porter

“The present century holds a treasure trove of bottlenecks, constraints, and other major difficulties that will be with us for a long time. It would be a shame if...we were to let such abundance or serious crises go to waste.” Bhaskur Chakravorti

Use these 5 questions to help you unearth the competitive advantage that adversity can offer:

1. What underlying customer needs in your target market are being curtailed by adversity?
2. Look broadly across your business and in completely unrelated areas. What resources-products, people, materials, technology, or intellectual property-are being displaced or underutilized because of adversity?
3. Can you see a way to use resources from your answers to question 2 to fulfill a need you identified in question1? Can you apply these to new customers or new products?



### **Capitalizing on Complexity-**

from Insights from IBM's Global Chief Executive Officer Study of Midmarket Organizations

CEO's who are capitalizing on complexity in today's world embody creative leadership, reinvent customer relationships and build operating dexterity.

Creative leaders:

- Are comfortable with ambiguity
- Experiment to create new business models
- Invite disruptive innovation
- Encourage others to drop outdated approaches

- Take balanced risks
- Are open-minded and inventive in expanding their management and communication styles in order to engage with a new generation of employees, partners and customers
- 61% tend to persuade or influence rather than to command and control

Reinvent customer relationships

- Ongoing engagement and co-creation with customers produces differentiation
- Put customers front and center
- Getting connected to better understand, predict and give customers what they really want is the top priority for 90%

Build operating dexterity

- Redesign operating strategies for speed and flexibility
- Embed value in simple products, services and customer interactions
- Reduce fixed costs, increase variable costs
- Investments in technology and strategic partnerships to enhance dexterity



**My very best to you and your families for a great Holiday Season!**

**Tony Chivinski**