

FOCUSING ON WHAT MATTERS

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Key Insights You Can Execute On November/December, 2012

Filters to view you, your focus and
your organization (Ram Charan, Larry
Bossidy)

- Results come from:
 - The leader
 - Strategy, plans, execution (having a great culture is a strategy!)
 - The leadership team
 - Monitoring results
- Purpose of strategy:
 - Win customer preference
 - Create a sustainable competitive advantage
 - Leave enough money on the table for shareholders



Healthy Organizations

In his book, *The Advantage*, Patrick Lencioni states that the health of an organization is the single greatest factor determining an organization's success. "An organization is healthy when it is whole, consistent, and complete, that is when its management, operations, strategy and culture fit together and make sense. It must be smart and it must be healthy."

Signs of smart and healthy:

- Smart
 - Strategy
 - Marketing
 - Finance
 - Technology
- Healthy
 - Minimal politics
 - Minimal confusion
 - High morale
 - High productivity
 - Low turnover

The author suggests that competitive advantage in the smart areas can be incremental and fleeting. Being smart, while critical, has become a commodity – not enough to achieve a meaningful, sustainable competitive advantage over the long haul.

People in healthy organization's:

- Learn from one another
- Identify critical issues
- Recover quickly from mistakes
- Cycle through problems and rally around solutions faster.

I highly recommend that leadership teams read this and have robust conversations about how you can use this to enhance your organization.



“Don’t solve problems. When you solve problems, you end up feeding your failures, starving your strengths, and achieving costly mediocrity. **Instead of solving your problems, pursue opportunities.**” Peter Drucker

Advice from Ron Schaich, founder – Panera’s

- It’s okay to think small
 - This idea that you have this broad strategy is not always right. See opportunities to make a difference, and that will bring new things down the road. I’m quite convinced that Steve Jobs didn’t know he would end up with the iPad when he did the iPod.
- Don’t obsess over the numbers
 - When I was a young person, I used to be worried about the P&L, and then I realized that what drives the P&L is getting the right stuff done right- the key initiatives. That’s where I began to focus most of my time.

- These days I spend a lot of time thinking about how I’d compete with Panera if I weren’t Panera.

From *A Founder’s Bold Gamble on Panera* by Beth Howitt, Fortune, August 13, 2012

The Economy is Scary, but Smart Companies can Still Dominate

By Geoff Colvin, Fortune, September 14, 2012

...some companies are winning big. Three strategies are helping smart companies dominate.

- They manage for value
 - Investing in r & d
 - New plants
 - Brand building
- They keep developing human capital
- They get radically customer – centric
 - ...different offers for different customers or segments based on those customers needs



Three Essential Practices

In this HBR article, the authors wanted to determine whether organizations adhere to what is considered three practices of essential elements of good management. Are you?

- **Targets:** Does the organization support long term goals with tough, but achievable short – term performance benchmarks?
- **Incentives:** Does the organization reward high performers with promotions and bonuses while retraining or moving underperformers?
- **Monitoring:** Does the organization rigorously collect and analyze performance data to identify opportunities for improvement?

Another question addressed in the research is why some organizations are motivated to change and others aren't. The pattern? Leaders often initiate transformations in response to extremely challenging situations.

Why wait?

How three essential practices can address even the most complex global problems by Nicholas Bloom, Rafaella Sadun, and John Van Reenen Harvard Business Review, November 2012

What Ever Happened To Accountability?

By Thomas E. Ricks; HBR, October 2012

This author talks about the lack of holding military leaders accountable. Some ideas translate to business leaders: when standards are not rigorously upheld, and inadequate performance is allowed to endure, the

organization is robbed of its potential and capabilities atrophy.

The author quotes from advice from Peter Drucker's 1967 book, *The Effective Organization* - paraphrased as follows: It is the duty of a leader to remove anyone who consistently fails to perform well; failure is not fair to the organization, the leaders subordinates and to the person themselves.

"You've Got To Have A Vision.

You've got to have a plan to implement it. Then you've got to set the example, develop the principles and values that are important, and get people to buy into it."

Nick Saban, Head Coach, Alabama



Clear Goals Matter More Than Mission,

from an interview of Tracy Strenckenbach, President and COO of Innovative Global Brands, by Adam Bryant – The New York Times, September 2, 2012

"...the big focus on culture, particularly in a down economy, is on how you get people invested so they care about what they're doing and feel like they have a hand in things. The only way you can do that is if you

have clearly defined and measurable goals. Then you make sure each and every department knows them and how their work will support the overall goals.

...I think that a mission statement is less important than every employee understanding what the companies positioning is. Culture is about performance, and making people feel good about how they contributed o the whole.

The Power of Social Norms

Social norms can be useful in crafting messages to influence behavior. According to the article listed below, people’s behaviors are largely shaped by the behaviors of those around them. People are often motivated by their desire to conform with the group, especially if it is a group they identify with. Some illustrations:

- Hotel bath towel reuse – stating that the majority of guests reuse towels vs. citing environmental concerns increased reuse by 26%
- Britain’s tax collection agency – appealed to people’s sense of civic duty and mentioned that 93% of people living in their town paid their taxes on time vs. using threatening letters increased the response rate from 68% to 83%

Caution – emphasize the prevalence of the behavior you want people to emulate; do not talk about the frequency with which people do the opposite.

From Businesses are just beginning to understand the power of “social norms.” By Steve Martin; HBR October 2012



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- **Capturing opportunities**
- **Executing well**
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I greatly appreciate introductions to leaders who are serious about getting results and would value my counsel. Thank you!



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