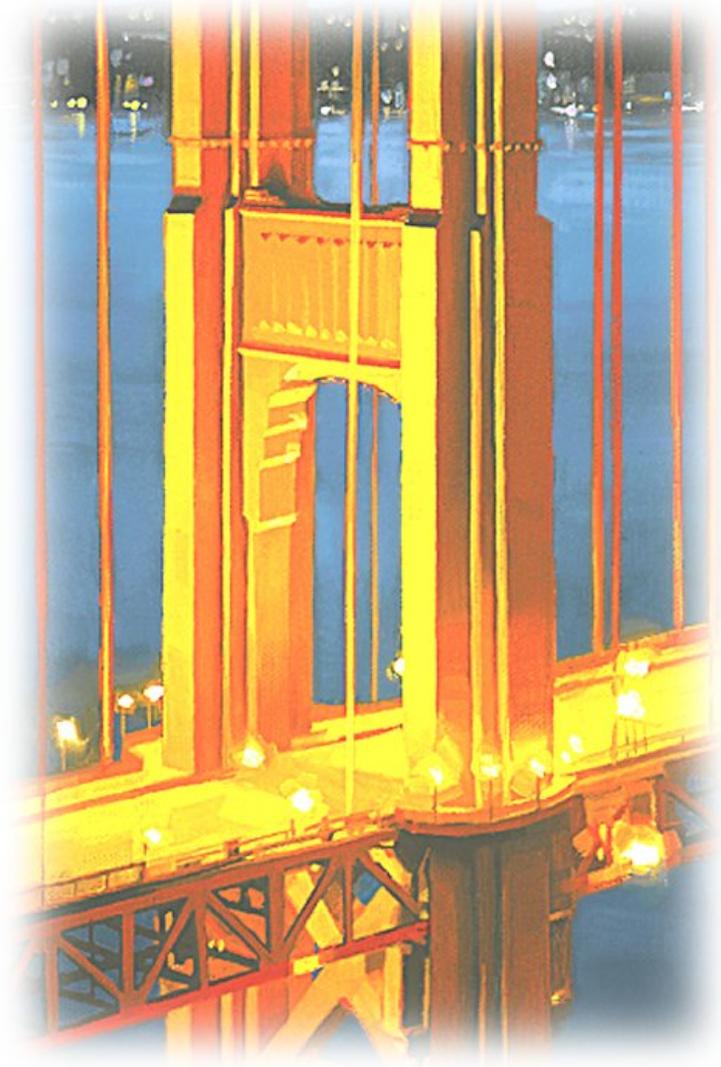

IDEABRIDGE



The IdeaBridge White Paper Series:
Business Fundamentals Don't Change!



BUSINESS FUNDAMENTALS DON'T CHANGE!

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Summary

The fundamentals don't change. For superior results, stick to the basics. Any company can do this on their own; you don't need a highly-paid consultant to tell you how to stick to the basics. This checklist has been provided to serve as a reminder about what basic business principles are all about.

What are the basics? They're easy to express but hard to put into practice – so hard that there's probably not a company anywhere that embodies all of them. Even the best companies successfully embody only a few of these principles. These powerful principles make all the difference between struggling and winning; review the list often to stay on top.

Facing Reality and Speaking with Candor

- You could build an entire library around the books written on strategic planning alone. But you could burn it to the ground for all the good it will do if you are not basing your thinking on the real world.
- Along with fear of retribution, mid-level executives may avoid reality because they don't want to look inane by raising issues they don't have answers for.
- Part of facing reality is acknowledging problems promptly. A clear view of reality needs to precede any constructive action.
- Speaking the truth requires candor, frankness, openness – in other words, positive, proactive honesty – as well as intelligence, courage, imagination, self-respect and a sense of belonging.
- Once you create an atmosphere of candor in a company, it doesn't take long for the managers – who should be generally intelligent and motivated – to identify and agree on the real issues they have to confront. And once you're clear on the problems, the solutions will follow.
- Being honest doesn't preclude being nice. It's nothing more than having an organization in which people, in a straightforward way, say what is on their minds without fear of reprisal.
- Speaking the truth has two components: honesty and openness. Discussions are candid. To be open means that all issues can and must be raised.
- Make it clear that employees won't get their hands slapped if they say something a superior may not want to hear. Managers can reinforce this value by regularly asking certain questions at employee meetings: "Are there issues we're not confronting head-on? Do you think there are areas in which we are not communicating honestly and openly?"
- Most people remain convinced that asking tough questions may put their jobs on the line. The boss should say to everyone, "Tell me your opinion. I want to hear it and give it full consideration. But in the end, I will decide."
- It's amazing how hard people will work with each other yet not discuss difficult issues that arise between them. This problem is rampant in organizations. If you have a gripe with someone, discuss it directly. Don't go to the person's boss.



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- If someone complains to you about someone else in the organization or about a business situation in the organization, ask, "Why are you telling me this? If you have a problem with Bob, talk to him directly. If you think situation Y is a problem, talk to the people who control situation Y."

Develop a Compelling Mission and a Vision for Your Company

- Merely posting a mission on a bulletin board for all to see is not enough. Through concrete actions and rewards, you must inspire employees to incorporate the mission statement, to live it in everything they do for the organization.
- Whatever the statement is called or however it looks, what's important is that the elements of vision are openly discussed, debated, incorporated, and reflected in people's behavior from top to bottom. Only then can everyone in the organization own shared values, purpose, and mission.
- Even the clearest of visions will take you nowhere if you don't actually get moving.
- Company vision statements have been around for years. Most CEOs, employees, and industry observers disregard them as little more than platitudes. The problem is they are vague, incomplete, or out of touch with the reality that exists at the company. But companies have to have vision or they will twist in the wind. If a company can't articulate its vision in a strong vision statement, then it's headed for trouble.
- To inspire concretely, you have to articulate three things: *values*, or what your company stands for; *purpose*, or why employees are working for this company; and *mission*, or what the company is trying to achieve. The values inspire workers. The purpose gives them a sense of accomplishment. The mission provides a challenge.
- A fully articulated vision includes a statement of values, a statement of purpose, and a specific mission. These three elements collectively answer the questions: What do we stand for? Why are we here? What are we trying to achieve?
- Corporate values are those principles and beliefs that are intended to guide behavior of all members of the organization. To inspire in a concrete way, however, the values have to be rooted in the reality of how the business is conducted and how its leaders actually behave.
- Values represent the aspirations for behavior. A visitor should be able to walk in and infer what the company's values are by observing how the people act.

Leadership

- Leadership is the ability to set clear direction, to develop the trust of your people and to produce winning results. And as for winning, it's the most overlooked element of leadership.
- Too often managers see their job as making trade-offs, as opposed to expanding the range of possibilities. That is the difference between a manager and a leader. A manager sees a set of circumstances as a trade-off; a leader sees possibilities.



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- At any level of an organization, leadership requires three things: Setting a clear direction, developing the trust of your people, and producing winning results.
- Every employee wants to know the direction in which his company or business unit or department is headed, so he knows what he is trying to achieve. Without direction, there is no leadership.
- One of the pillars of good leadership is trust. Trust cannot be demanded. It must be earned. Leaders develop the trust of their people by demonstrating that the direction of the company makes sense and that the supporting organizational moves will help achieve that direction. And as noted earlier, one of the most important requirements for generating trust is frequent, open, and honest communication.
- Generating trust requires openness and consistent action. Leaders develop trust when they are open with their employees about the situation they are facing and when they deliver on the actions and behaviors they articulate.
- Another pillar of leadership is finding ways to help your company win. Leaders win by setting high standards of performance and demanding actions so their people achieve that performance. One of the reasons leadership has become so much more important in companies is that it's harder to "win" nowadays. Without winning, no CEO or manager can claim to be a leader.

Communication with Employees

- Managers who think they are being nice by waffling on performance reviews aren't showing much respect for their employees, who can improve only if they have all the information, including the bad news.
- Failure to honestly critique an employee's performance hurts the company and the employee. Unfortunately, many managers endure performance problems because they lack the skills they need to hold straightforward one-on-one conversations.
- Failing to give an employee a candid and honest review in the spirit of "being nice" doesn't show much respect for that person. In order for the employee to grow and develop, they must be given a crystal-clear assessment of how they can improve.
- Require that each manager clearly state to his or her people what the purpose of their group is and what their top three objectives are, both for the longer term and for the next year.

Taking Action

- Why don't organizations take action? Fear. Taking action means that you may be held accountable for the result. To a fearful executive, it seems safer to study the issue and seek a consensus with others before committing to a decision. That reluctance to take action will permeate your company, lead to stifling bureaucracy and ultimately lead to stagnation.
- What is important is to acknowledge that any action is less than perfect but that moving forward usually beats standing still.



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- You must rid yourself of the whiners, complainers and yappers who impede improvement through their negative talk and attitude. Those who receive a fair hearing on their complaints, yet still don't buy into the company policy need a hall pass to an exit interview.

Getting Results

- A winning company produces results. Management places no premium on talk or appearances; it rewards merit. Winning people get ahead; shallow self-promoters do not.
- After all, what is it we expect a corporation and its managers to do? The answer: We expect them to make money today and to invest for tomorrow. That is precisely what management is all about.
- The best managers are those who can achieve both goals. What good is a manager who can produce short-term results but leaves a business in long-term disarray? Conversely, what good is a manager who can plan for promising results sometime in the future but never deliver profitability today?
- The solution doesn't require pages and pages of writing and analysis. It simply takes one sentence: a Leader should produce excellent short-term results while investing in the long-term health of the business.

When it's time to let someone go

- When you finally have that tough conversation with a non-performer, it is rarely a surprise. Non-performers are coasting along hoping nobody will notice their poor attitude and lack of performance. They aren't surprised to be having an exit interview, and in fact, most will quietly wonder what took you so long to send them packing.
- If someone isn't capable of handling their responsibilities, then you are duty-bound to find someone else who can. Fairness is determined by the clarity in which you explain your performance standards and the consistency by which you enforce those standards.
- Sentimentality can't be allowed to cloud decision-making when dealing with performance evaluations. Everyone should understand that no matter what his seniority or position, lack of performance will lead to dismissal. Firing someone is never pleasant, but if people believe they can coast without producing, the company won't function optimally.
- Once an employee no longer performs up to expectations – even if he has been a superstar in the past - you have to correct the situation. If you lose confidence in his ability, and he loses the drive to contribute, you simply must make a change.