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The IdeaBridge White Paper Series:
CEO Logic...Ideas from Leading
Business Executives



CEO LOGIC...IDEAS FROM LEADING BUSINESS EXECUTIVES

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Summary

This paper outlines some of the most powerful management ideas expressed by Leaders and CEOs around the world. These principles are timeless and transcend national boundaries, foreign custom and language.

Timeless Management Ideas

The Habits of Highly-Effective Leaders are:

- Measure the right issues. (Focus on 80/20 Rule)
- Gain leverage by focusing limited resources on core opportunities.
- Align your operations with your strategy.
- Design business systems that accommodate ordinary people
- Hire the best and deal with people as they exist, not as you would prefer them to be.
- There are never enough resources, no matter what the size of the company.
- Focus and clarity are the keys to getting things done with limited resources.
- Have you recently helped your team stay focused by regularly reviewing their plans and progress toward their goals?
- Do not confuse personality, effort, long hours, style, strong credentials, attendance, or effective communication with performance. Focus on results, measure results, discuss results, strategize on results, and reward results. Top management and the company are evaluated on the results produced, so that measurement should permeate our company. If you teach your team nothing else besides ethics, teach them to get results.
- Choose the bolder route when faced with equally viable courses of action.
- All systems and projects have to be broken down into bite-sized chunks so that an average employee with a good effort and proper direction can perform the tasks successfully. The objective of a cost-effective organization is to create extraordinary products and give extraordinary service with ordinary people. When ordinary, caring people fail regularly at a particular task, it probably has more to do with a faulty system than a faulty person. Develop your strategies accordingly and organize the work and systems to make employee's weaknesses irrelevant to their performance.
- Master the skills of: directing your team's efforts toward the right issues, of gaining their total commitment, and breaking complex business issues into their basic elements. Stay focused on the key issues that are central to your department's success.
- Management must always be aware that their incremental judgments regarding how much good a particular project will do might be misleading. The bottom line in making a strategic decision about a



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resource is determining how much good it will do (in relation to its cost) compared to all other projects being considered. Test each project for its fit and operational alignment with your overall strategy. Remember that a strategy defines the negative decisions of what you will not do or will not offer as much as it identifies the positives.

- Focus most of your resources on tomorrow's opportunities versus yesterday's problems.
- Running a business unit requires you to have the perspective to step back, analyze, and understand the business you're in, your core competencies, the wise and selective use of limited resources, the critical issues you face, the ways you'll measure the performance of your team, and the role of all key managers.
- The central strategic question is: "Why should a prospective customer do business with you and your firm over all the other competitors? If you were an independent business owner, would you choose to do business with your company? If you have a hard time answering that question, your company may have a problem.
- Effective strategies accept and incorporate focus into their plans. The more assignments you give to an individual, the less effective he or she will be in any one of those assignments. It is nearly impossible to overestimate the damage done when a company's resources and top management's efforts are spread too thin. As a member of top management, you must carefully weigh this hierarchy of criteria when setting priorities.

Leadership Maxims

- The secrets to leadership are passion, motivation, ethics, courage, communication, judgment, and insight. Passion supplies the energy, motivation attracts the followers, ethics generates trust from all constituencies, courage provides the backbone needed to make tough decisions, communication drives-home the message, judgment supports good decision-making, and insight provides the capacity to select the right people, the right role for yourself, the right goal, and the right strategy.
- Do your managers in charge have the right strengths for the job? A high percentage of all chronic performance problems are due to assigning someone to the wrong job.
- Your word is your bond – there is only one level of integrity.
- Do not confuse personality, effort, long hours, style, strong credentials, attendance, or effective communication with performance. Focus on results, measure results, discuss results, strategize on results, and reward results. Top management and the company are evaluated on the results produced, so that measurement should permeate your company.
- As a leader you should have the courage to fight for your beliefs, the intellectual honesty to change your position in the face of new facts, and the grace to forgive your political opponents.



Developing a Core Competency & Strategic Advantage

- Competitive advantage must grow out of what our company is especially good at – our “core competency.” Core competency may reside in a special capacity, a distinctive approach to the business, or a unique access to resources.
- Competitive advantage may also be created by changing the way your company does business. Unique or distinctive customer benefits must be generated and supported by hard-to-copy competencies. If you have no sustainable competitive edge, you'll have no sustainable profits. End of story.
- What do you do well that results in unique or distinctive benefits that your customers are willing to pay for? What is your competitive edge? What are you doing to strengthen it? What could you be doing to create additional advantage? What could you do to create an unfair, long-standing advantage?
- Your task is to leverage one or more of these core competencies into an advantage in the marketplace. You need to make sure, to whatever extent possible, that your direct and indirect competitors cannot easily duplicate that advantage.
- As the Leader, you have the primary obligation to ensure that the company builds and strengthens its core competencies in order to protect and sustain your competitive edge.

Tracking just the “Vital-Few”

- What are those few success factors that separate the winners from the losers in your industry? What disciplines or activities directly impact volume, margin, cash flow, and return on investment? The key is to identify these “drivers” and to measure them frequently. Tie goals and compensation to these drivers.
- There is nothing as wasteful as tracking and monitoring with great efficiency that which does not have to be tracked at all!
- You must make sure you have timely, accurate, relevant, and understandable methods of measurement. Without good and timely measurement, it's difficult to think clearly and respond proactively to issues.
- A critical component of measurement is a performance feedback system that regularly, consistently, and clearly communicates goal status to those who are accountable.
- One caution: With computers, it is easy to develop cumbersome and complex measurement systems that seem to capture every bit of information about every activity. But don't confuse raw data with useful information. Measuring too much can be as dangerous as measuring too little. Focus your measurements by narrowing their scope and limiting your presentations to those critical performance issues.
- Always look to improve your results by reducing the time cycle for each major element of your business.



Creating a Sales System to Develop New Customers

- Chronic new business problems are generally related to bad systems, plans or budgets. The search for strategic solutions begins with analyzing, evaluating, and validating every individual step in our new business process/system.
- Once you are sure that the design of our new business development system is logical and capable of delivering results, you must look at the number of leads, the number of referrals to and appointments with prospects, the number of sales presentations, the number of signed contracts, the number of completed transactions, and the average contract size. You then must set out to systematically improve on each element, beginning with an increase in the number of bonafide leads.
- Take immediate action to consistently improve each month's results by incrementally improving every element of your selling system. Break down every step of the sales process; analyze it and measure it separately.
- Managers need a *tracking system* that allows them to anticipate and forecast new business levels. That strategy should start with the managers setting growth targets that are realistic and based upon your company's capacity to book new business.
- Changing the people will do nothing to improve a fundamentally flawed selling system. The first step in managing new business is not training, hiring, pay plans, better prospect lists, or even better management. It's the design and validation of the entire company-wide new business process.
- Remember that in the sales process, anything but a resounding "Yes" is a "No." "I will think it over" is a "No." "I will get back to you tomorrow" is a "No." "You are the best I've seen yet" is a "No." All these put-offs mean that the customer is not convinced yet – so get your people to keep pushing for the "Yes!"