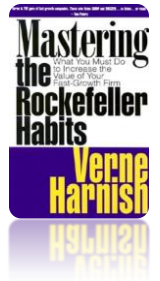


MASTERING THE ROCKEFELLER HABITS

VERNE HARNISH

BOOK SUMMARY



MASTERING THE ROCKEFELLER HABITS

OVERVIEW

Anyone with children will recognize the fundamentals I've summarized as:

1. Have a handful of rules
2. Repeat yourself a lot
3. Act consistently with those rules (which is why you better have only a few rules)

Priorities – Does the organization have objective Top 5 priorities for the year and the quarter (the month if growing over 100% annually) and a clear Top 1 priority along with an appropriate Theme? Does everyone in the organization have their own handful of priorities that align with the company's priorities?

Data – Does the organization have sufficient data on a daily and weekly basis to provide insight into how the organization is running and what the market is demanding? Does everyone in the organization have at least one key daily or weekly metric driving his or her performance?

Rhythm – Does the organization have an effective rhythm of daily, weekly, monthly, quarterly, and annual meetings to maintain alignment and drive accountability? Are the meetings well run and useful?

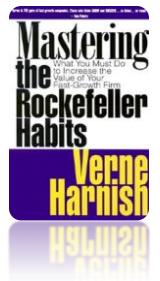
The “x” factor: identify the chokepoint in your business model and industry and then gain control of that chokepoint.

- a computer on every desk and in every home
- empower people through great software – any time, any place and on any device
- you don't have a real strategy if it doesn't pass these two tests:
 - o That what you're planning to do really matters to your existing and potential customers; and in second, it differentiates you from your competition
- while other firms do things that the customer desires, but so does all the competition (you've just entered the commodity zone.)

1. **Priorities.** long term Big Hairy Audacious Goal (BHAG)
2. **Data.** Smart numbers, Critical number
3. **Rhythm.** Until your people are “mocking” you, you've not repeated your message enough. A well-organized set of daily, weekly, monthly, quarterly, and annual meetings keep everyone aligned and accountable.

IMPLEMENTATION

...purchase a book for every executive and manager and simply go through one chapter per month and discuss how the concepts can be applied to your firm. And several executives are purchasing a



book for every employee. It's very inexpensive training and provides the rest of the employees with some important context for the changes management are making

ELECTRONIC FORMS

Download at www.gazelles.com

CHAPTER 1: MASTERING GROWTH

Executive Summary: in their abilities to delegate and predict....systems and structures

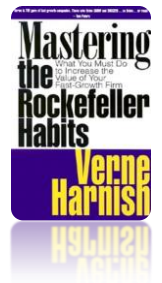
- It's fun and we're making money
- ...calls that 4% "gazelles", which are firms that grow at least 20% a year for four years in a row
- The "textbook" she's referring to are the three fundamental barriers to growth outlined in this book that are common among all growing firms: the need for the executive team to grow as leaders in their abilities to handle the complexity that comes with growth; and the need to navigate the increasingly tricky market dynamics that mark arrival in a larger marketplace.
- "...was that if you can't afford the people to run the business for you, then all you have is a job, not a business. It was like somebody turning on the light for me, because I realized that I needed to get good people in here to do this for me. I couldn't keep hiring people at as close to minimum wage as possible.
- He needed a managerial structure in place to let him focus on his real job of growing the company

SYSTEMS AND STRUCTURES

- ...salary, schedules, performance evaluations, information systems, and strategic planning processes
- In the future, there will have to be more executive-level hires. "We will need their experience and expertise, again, to help us grow and to grow our internal team." However, next time she plans to hire those with experience in a company with 500-1000 employees, not the mega-corporations

DATA DRIVES PREDICTION

- Ultimate goal – predictability
- Unless a company has the ability to determine where it is today and project where it's going to be this week, this month, this quarter, and this year, it's not a trajectory for growth. It might not even be on track for survival.
- McKinney's almost slavish devotion to metrics and measurements. McKinney started by training his entire workforce to understand terms like "gross margin" and "cost of sales" through having them operate a lunchtime sandwich business
- The critical number tells the entire corporation, day to day, whether there's profit headed for the bottom line. "The idea of always measuring and tracking a Critical Number gives you a firm foundation to know where you are – even if you don't like the answer.



TOP 5 PRIORITIES

Many gazelles find it useful to set priorities for each quarter – no more than five – and then to identify one goal that supersedes the others. This is known as a Top 5 and Top-1-of-5 priority list.

- Everybody has this four-color Top 5 and Top 1 of 5 hanging over their desks, you typically get ‘Wow’ says Carney. It sends a clear indication to a client
- Choosing a space motif, Carney first set a “Launch” theme and introduced it at an all-company event held at The Challenger Center for Space Science Education.
- While many companies tend to focus their themes on sales goals, it’s important to focus on other areas as well. “We tend to pick a non-sales goal in our fourth quarter each year,” says The Scooter Store’s Harrison. The practice started when he began to notice that the sales engine was going full-tilt.
 - o “Customer WOW” theme
- Get a hundred people all working on just 1 priority, instead of 27

MEETING RHYTHMS

One of the most successful practices any would-be gazelle can implement is that of a daily huddle 0 no more than 15 minutes per group, in a room or on a daily conference call, just to celebrate progress towards goals or identify barriers blocking that progress.

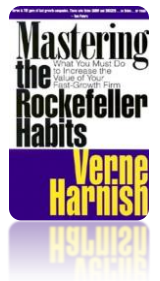
- These three Rockefeller Habits – priorities, data, and rhythm – are the key tools for handling the barriers that come with growth and keeping the company aligned.
- At \$10 million and higher, CEOs often feel their attention is being pulled inside the business just when they most need to be focusing on what’s happening outside in the market.
- The plain truth is that growing a gazelle can be so painful at certain stages that many on otherwise successful CEO has looked to an exit strategy.
- Alan Rudy was considering either quitting or scaling back the business to a point where it might seem fun again.
- ...took some training to work on his personal style...
- “Today I have time to think and try things. This is my true talent – listening to what people need, talking to competitors and customers, and adjusting my business accordingly. When I am focusing solely inside the company, I cannot move the company ahead. I am much more the CEO than I was before.”

BARRIERS TO GROWTH

There are roughly 23 million firms in the US, of which only 4 percent get above \$1 million in revenue.

The two most important attributes of effective leaders are their abilities to predict and delegate...set a compelling vision...the ability to accurately predict revenues and earnings is the ultimate test of leadership from the perspective of Wall Street and the public markets.

Getting others to do something as good as or better than yourself is one of the hardest aspects of leadership, but necessary if you’re going to grow the business.



Keep in mind the rule that one great person can replace three good people. With the right people, delegation is a four-step process to pinpoint what they are to do, create a measurement system for monitoring progress, provide feedback, and then give out appropriately timed recognition and reward.

- *Accountability Charts:* ...clear accountability established within an organization. All projects, line items on an income statement, priorities and processes must ultimately be owned by a single person.
- It's advisable to take the process per quarter that seems the most dysfunctional and clean it up. Processes are like garages and hallways closets, which become messed up over time and require regular attention

MARKET DYNAMICS

- When the firm is under \$10 million in revenue and just a little more focus internally on establishing healthy organizational habits would pay off in the long run, you have a tendency to focus mostly externally. In turn, as the organizational complexity issues start drawing the attention of the senior team inward at a time when it's probably more important for the team to be focused more on the marketplace.
- As for cash, the entrepreneur has to rely on self-funding or friends and family in the very beginning.
- Between \$1 million and \$10 million, you add to your focus on revenue the cash concerns you had been putting off.

CHAPTER 2 – MASTERING THE RIGHT PEOPLE DOING THE RIGHT THINGS RIGHT

There are three basic decisions an executive team must make:

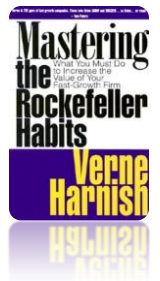
1. Do we have the Right People?
2. Are we doing the Right Things?
3. Are we doing those Things Right?

THE RIGHT PEOPLE

If you go to www.containerstore.com and click on 'Careers', you'll see their hiring philosophy – in essence, they firmly believe that one great person can replace three good people...

- They also pay their people 50 to 100 percent more than typical retailers, which can be done if you have proportionately fewer people.
- ...they have over 20 times the training of a normal business
- ...fewer people, paid more and given lots of training and development
- "Do I have the right people?" – ask yourself if you would enthusiastically rehire each person on your team if given the opportunity
- When you have "A" players, it makes all the difference in the world

HIRING – SELLING THE VISION



Hiring is a numbers game.

This is why a firm that has established a stellar reputation in its industry (or even in a particular town if you primarily hire locally) is able to continue to hire stellar people.

Generally speaking...pool of 50 high-quality people to choose from. "A" people tend to surround themselves with "A" people, so go only to your "A" network of friends. I'm very serious about this last comment.

...make a simple Top 10 list. Take out a piece of paper and write down at least 10 people (20 is best) you could e-mail tomorrow who have contact with the kinds of people you want. Then, put together a two-paragraph summary describing your firm, the position, and the kind of person you want to hire....make it a point to call the people on your list as quickly as possible and let them know you're sending the summary by email. Follow-up a week later to see if they know anyone or if they at least know someone who might know someone.

When was the last time you had fun at work?

It's a great time to join our promotional marketing agency team. Get all the benefits of working with Fortune 500 clients in a small-agency environment. Not only do we take pride in what we do, we have FUN. Your creativity and energy are what we need. PROMOTIONS MANAGER description (delineating what you'll do) and ACCOUNT EXECUIVE description. Enjoy coming to work. Send resume to _____.

THE SELECTION PROCESS

Bradford Smart is *the* expert in this field. I highly recommend his latest book *Topgrading*. It's very "how to".

Bigby Havis & Associates

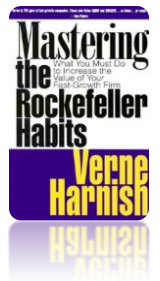
- Fit with your culture
- Have a positive or negative outlook

I recommend and use a variation of an assessment-center approach. Outline on a piece of paper three or four business challenges you're expecting candidates to face when hired and then give them 30 minutes to an hour to work through how they would handle each. Then, spend another 30 minutes working through their solutions with them to see how they think and to get a sense how you might work together.

...the best way to select the Right Person is to have someone work with you for several weeks doing the work you're expecting him or her to do. For frontline hires, "temp-to-perm" placement firms are popular because they allow you to test-drive the candidate.

...hiring people you've worked with in the past are so effective. Overall getting the right people in the right positions is *the* first and most important job of the CEO and executive team.

RIGHT THINGS MODEL



The key questions on the Right Things side of the model are “Do you have a viable economic model?” Or, more bluntly, can you ever make real money doing what you’re doing? Do you have a product or service that enough customer’s value to make a viable business? And have you determined the X factor that you can control that differentiates you from the competition matters to customers and provides you an advantage in the marketplace?

If you then consider that a business is simply “people” doing “activities”, the model supports a familiar notion that you lead people and manage their activities – you don’t manage people.

“son, you’re good, what you did is bad” versus, “son, you’re bad.”

“freeing up your future!”

On the Things Right side, the organization strives to achieve three additional outcomes: doing each of the activities better, faster, and cheaper. The primary objective is to continue to lower the costs of delivering your products or services relative to the sales price and improve the value proposition so you can maintain your prices relative to the competition to increase profitability. “buy low, sell high, and keep good records”

ROCKEFELLER HABIT #1

- Number one priority for any particular quarter...
- Even though your firm may have issues within all six areas, you can only advance one of the areas on each side at a time. And because they are all interconnected.
- Leaders find that when they focus one’s energies around one area, it gets fixed much more quickly. Two visual analogies are helpful. First, think of the six circles as spinning plates on sticks, like you might have seen on an old Ed Sullivan rerun. At any one time, one of the plates of the three on either side is spinning slower than the other two and needs your attention.
- (get, keep, grow, and better, faster, cheaper) and making sure the accountabilities are clear is one of the more powerful and aligning activities I’ve worked on with executive teams.

ROCKEFELLER HABIT #3

Various weekly meetings – the six circles provide guidance.

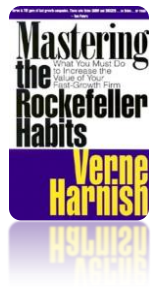
As a side note, the key measurable for marketing or business development is lead generation

CHAPTER 3 – MASTERING A ONE PAGE STRATEGIC PLAN

Executive Summary: ...statements about who your company is, what it does, and how. This chapter will introduce you to the Planning Pyramid and the One Page Strategic Plan.

Back when your company was just getting started, and you were struggling to get the job done with three or four key people, confusion over the vision was unheard of. Everybody was eating and sleeping the company’s goals, just as you were.

1. A **framework** that identifies and supports your corporate strategy,
2. A common **language** in which to express that strategy, and,



3. A well developed **habit** of using this framework and language to continually evaluate your strategic process.

You've got to boil your expression of strategic might down to one powerful, useable, post-able, and thoroughly unforgettable page.

FILING IN THE ONE PAGE STRATEGIC PLAN

OPORTUNITIES AND THREATS

S.W.O.T. Analysis

CORE VALUES

Think of them as the Ten Commandments or your constitution, the foundation upon which the rest of the vision is built.

PURPOSE

It answers the very basic why questions: Why is this company doing what its doing? What's the higher purpose for why we're in the business we're in? Why do I have such passion for what we're doing?

The purpose gives the company heart.

Wal-mart's "To give ordinary folks the chance to buy the same things as rich people."

ACTIONS AND BHAG

The BHAG – a 10-25 year, lofty goal.

TARGETS AND SANDBOX

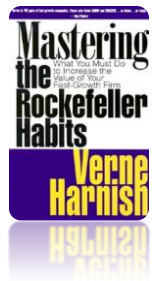
3-5 years. Besides listing certain quantifiable targets at the top of the column, a firm should define the Sandbox in which the company chooses to play, a place where it can be #1 or #2. The Sandbox defines the firm's expected market share within the chosen three to five year time frame.

BRAND PROMISE

...key need you're going to satisfy for your customers – like FedEx's 10 a.m. delivery promise

KEY THRUSTS/CAPABILITIES

Now define five or six Thrusts/Capabilities necessary for you to dominate your defined Sandbox, fulfill your Brand Promise, and meet your quantifiable Targets. What are the five or six big things you need to do to reach your three to five year targets? Easier said than done, this part of the process challenges your team to define the handful of strategic moves that will put you on top.



GOALS AND KEY INITIATIVES

...all-important issue of what your company needs to achieve in the coming year to realize your longer-term targets.

...list your five or six Key Initiatives for the year, similar in strategic importance to, and aligned with, the Key Thrusts/Capabilities.

CRITICAL NUMBERS

The designation of one or two *Critical Numbers* – ideally, one from the balance sheet and one from the income statement

ACTOPMS AND ROCKS

Quarterly Action Steps

- Break down your annual goals into the quarterly action steps that lead to achieving your yearly goals
- Rocks are the priorities that need to stay out front, ahead of the fire fighting and pebble moving we do on a day-to-day basis. As was the case at the Goals level, you also need to figure out your Critical Numbers.

THEME, SCOREBOARD DESIGN, AND CELEBRATION, REWARD

Looking at your Rocks, Critical Numbers, and Goals for the year, establish a quarterly or annual Theme to bring additional focus to everyone's activities. Decide where to post a scoreboard that will keep everyone apprised of your progress toward achieving the measurable target of the theme. Don't forget the celebration either. You should state ahead of time what fun and exciting reward or event will occur when the measurable target is hit.

ACCOUNTABILITY

This is the *who* level – should never be more than one person who is accountable.

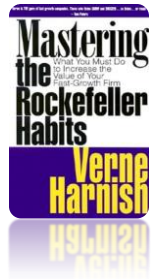
BRAND PROMISE

100% implementation of ideas we teach. "Less knowledge and more action."

DOING THE RIGHT THINGS RIGHT: YOUR COMPLETED ONE-PAGE STRATEGIC PLAN

- Resist the temptation to go back and revise or wordsmith your document. The point isn't finding the exact words, or using them perfectly. It's having something on a single sheet of paper that says it all for your company, no matter how imperfectly, and being able to use it daily to help your company reach its potential.

CHAPTER 4: MASTERING THE USE OF CORE VALUES



Use Core Values to parent a great company!

Executive Summary:

Having a few rules, repeating yourself a lot, and acting in ways that are consistent with the rules – these are the three keys whether you’re providing your children with a good moral foundation or providing a company with a strong cultural foundation.

FINDING THE RIGHT WORDS: MISSION TO MARS

- A good first draft of their core values in 15 minutes, a finished document in an hour. I refer to the process as Mission to Mars
- Given that, which five employees would best convey the good things about your company, just through their actions? Don’t choose people because they know how to present very well, nor eliminate someone because I mentioned this. Don’t over-engineer by choosing a balanced team that represents each function in the business.
- As you get closer to finding the right words and ideas to describe your company’s core values, the energy of the room will begin to rise. How will you know when you’ve arrive? The goose bumps on your arm will tell you.
 1. Practice What we Preach
 2. Ecstatic Customers
 3. 1st Class for Less
 4. Honor Intellectual Capitalists
 5. Everyone an Entrepreneur
 6. Never, Ever, Ever Give Up

TECHNIQUES FOR BRINGING YOUR CORE VALUES ALIVE

You have to find lots of different ways to deliver the same information – over and over – so that it doesn’t get stale, yet is reinforced on a daily basis.

STORYTELLING

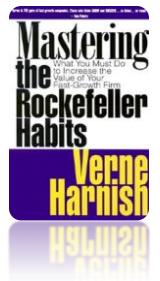
Tell the oldest stories when you can, but also encourage the telling of new stories.

HAVE A FEW RULES, REPEAT YOURSELF AND BE CONSISTENT

As you move forward discovering and bringing alive your core values, remember: this is no different than teaching your two-year old right from wrong. Young, old, or in-between: people need to know what marks they’re supposed to be hitting.

CHAPTER 5: MASTERING ORGANIZATIONAL ALIGNMENT AND
FOCUS

Executive Summary:



The organization with too many priorities has no priorities. This chapter will emphasize the need for management to clearly articulate to employees the five most important priorities that must be addressed or achieved to move the company to the next level.

- We put lots of energy into avoiding the hard, unpleasant, realities of life. It's not that we don't know what to do. It's that we don't do it. This chapter emphasizes management's need to clearly articulate to employees the five most important priorities that must be addressed or achieved to move the company to the next level.
- Charles Schwab – “What we need around here is not more knowing, but more doing!” If you'll pep us up to do the things we already know we ought to do, I'll gladly pay you anything you ask.”
- Write down and prioritize his six most important tasks to complete in the next business day. Then, he told Schwab, “Put the list in your pocket and take it out tomorrow and start working on number one. Look at them every 15 minutes until it's done. Then move on to the next, and the next. Don't be concerned if you've only finished two or three, or even one, by quitting time. You'll be working on the most important ones, and the others can wait.

ESTABLISHING A PLANNING CONTEXT FOR YOUR TOP 5 AND TOP 1 OF 5

Again, if you're growing 20-50 percent per year, a quarter equals a year. North of 100 percent growth, a month acts like a year. Once you've determined your company's Top 5 and Top 1 of 5, each of your executives must determine his or her Top 5 and Top 1 of 5.

It's often helpful to hold a monthly or quarterly meeting of all your employees to review the firm's Top 5 and Top 1 of 5 priorities.

RECOGNIZING YOUR TOP 1 OF 5: IT'S THE ONE THAT HURTS

Tiger Woods had taken an unblinking look at himself and saw what was lacking. He recognized his Top 1 of 5, and he did what was required to face reality and push through the pain. This guy clearly recognized his number one priority, did what it took to complete it and it paid off.

THE COMPANY LACKS A KEY PLAYER

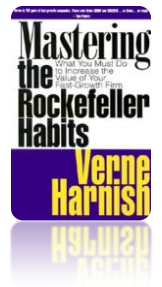
Perhaps the CEO wears too many hats. One firm I worked with desperately needed a CFO, but the founder-CEO just couldn't bring himself to pay the necessary salary to bring in a qualified financial person. He preferred to stretch himself too thin, and the company's results showed it. Once a CFO was on board, the company returned to growth and profitability within months.

The venture capitalists call it a “living-dead” company, meaning it's good enough to survive, but it's never going to do great things. Time to get out.

Again, the advice is simple: Get out. Make that tough decision.

WE'VE GOT TO SCALE BACK OR WE WON'T SURVIVE

Pursuing your Top 1 of 5 goal is probably the most distasteful, frustrating and perhaps discouraging thing you'll ever confront. It's not something you'll take on lightly, and I'd advise you not to do it



alone. Tiger needed the clear-eyed advice and support of his coach, Butch Harmon. You need similar wisdom and backing from a strong board member or a mentor.

What's your number one?

1. Simply not big enough to complete
2. Economic engine is broken
3. Can't raise money

MASTERING THE QUARTERLY THEME

This chapter will help you create the necessary themes and images to bring any corporate campaign to life.

CEO, Mark Moses, of Platinum Capital in Irvine once rode an elephant into a company meeting – think big.

USING PRIORITIES AND CRITICAL NUMBERS TO DRIVE YOUR THEME

Apollo 13 – *Failure is not an option.*

TRACKING PROGRESS AND KEEPING SCORE

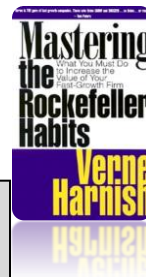
Effective reinforcement does, and that can be achieved through publicly tracking progress and keeping score.

...The Shamrock chart was beautifully designed and executed by somebody in the front office with an artistic streak. Her efforts enhanced the experience for everybody, including herself. You have people in your organization that can do the same, and more. They're just waiting to be asked.

I think people need to know where they're going and they want to know when they've arrived.

Nobody's going to turn down a hard-won bonus or prize, but that's just the frosting on the cake. The real reward is the sense of celebration that comes from reaching a goal and doing it together.

"The Jamaica trip had more of an emotional pull on people than the money is having." She says, "I'm starting to see that the trip got people more excited."



Quarterly Theme Meeting

Who's accountable?

When will you hold the meeting?

Theme of meeting?

Using the Multiple Intelligences list of activities, what will you do at the meeting?

Verbal/Linguistic

Logical/Mathematical

Visual/Spatial

Bodily/Kinesthetic

Musical/Rhythmic

Interpersonal

Intrapersonal

CHAPTER 7: MASTERING EMPLOYEE FEEDBACK

What makes people hate their jobs? What makes them non-productive, complaint-happy, deadwood? The answer: recurring problems and hassles.

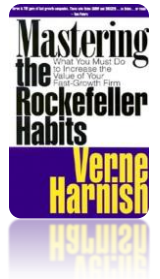
Believe it or not, recurring problems eat up more than 40 percent of the average employee's time. 40%!

..you need to systematically gather data on what's hassling your employees – and then *do* something about it.

Dell Computer

- On Friday morning, he'd call everyone together for what became known as the "hour of horror". Employees would gather around and brainstorm solutions to some – but not all – of the problems.
- ...a one percent improvement in your products and services each week, you'll gain greater and greater yields from the solutions with each passing year.

GATHERING THE DATA: BE ENCOURAGING, BE RESPONSIVE



What should we start doing, what should we stop doing and what should we continue doing? Have them think about these questions from both their perspective and the perspective of customers.

Suggest that you want to hear about anything and everything that caused them to spend more than a minute doing something that caused them to spend more than a minute doing something that shouldn't have needed doing. What are customers requesting that can't be provided? Where are they being hassled in the process of doing business with your firm?

What are the top 10 things that make *you* job a hassle?

REPORTING PROGRESS

Let people know what issues are being addressed, and which ones have been resolved.

DE-HASSLING ETIQUETTE 101

- Go after what's causing the most pain in the organization
- Big problems trace back to simple solutions
- You may need to free up that person's future
- Most hassles are process hassles, not people hassles

MANAGEMENT-DEVELOPMENT OPPORTUNITIES

Think of it as a management-development opportunity, an investment in your eventual succession plan, as your supervisors and mid-managers have the opportunity to creatively address issues and improve performance and customer satisfaction.

DAILY AND WEEKLY MEETINGS

These measures will also help everyone in the company answer the fundamental question, "Did I have a good week?" which provides an objective indication of progress important to maintaining morale and enthusiasm.

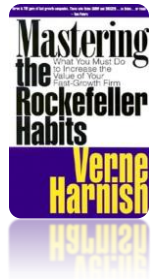
CRITICAL NUMBERS

Its best if the company has one or two Critical Numbers around which to align the company over the next quarter or year. A Critical Number represents a key short-term focus in the company that will have the most impact on the future of the firm. For instance, Dell Computer chose increasing the ratio of server sales to PC sales as their focus for 2001, knowing that this would focus the organization on transitioning from the PC market.

And I want to emphasize that this focus should change regularly to improve different aspects of the organization. It's like a weight lifter who focuses on different muscle groups.

SMART NUMBERS

Next, the executive team should identify three smart numbers that give them insight into how the company is likely to do in the future. The ability to predict is a key leadership function. A smart number is typically a complex ratio made up of key indicators like the ratio of sales this week against the same week last year compared to the growth rate of the market.



PREDICTION

By comparing actual results against predicted results, you'll begin to learn how to better predict outcomes and strengthen your knowledge about what drives results for yourself, your team, and the company.

SUMMARY

It is absolutely essential that you develop daily and weekly measurements for the company, and daily and weekly measurements for the company, and daily and weekly measurements for every individual or team that align with the company measures. These numbers focus everyone's attention on driving performance, reinforcing priorities, and helping anticipate problems and opportunities.

PROBLEM SOLVING GUIDELINES

1. Relevancy
2. Be Specific
3. Address the Root
4. Focus on the What, Not the Who
5. Involve all those affected
6. Never backstab

CHAPTER 8: MASTERING THE DAILY AND WEEKLY EXE

Structure meetings to enhance executive team performance!

MORE MEETINGS – NOT LESS

You need to add daily, weekly, and monthly meetings as well. Why? Because the agendas of these more-frequent meetings drive the deliverables outlined in the less-frequent meetings. Each one builds upon the next.

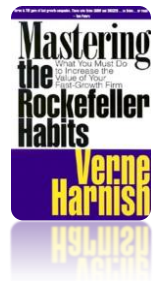
For example, how are you going to make your quarterly goals if you aren't driving performance monthly, weekly, even daily? Your execs need regular, face to face huddles to discuss new opportunities, strategic concerns and bottlenecks as they arise.

If you're growing 20 percent to 100 percent a year, think of each *quarter* as if it were a year.

DAILY MEETING – AN IMPERATIVE

Absolutely everybody in a growing company should be in some kind of 5-15 minute huddle *daily*.

Of course, the immediate pushback I always get on this is, "We're too busy!" People moan and groan about how thinly they're spread, or how much they're traveling. They can't imagine finding the time to get everybody in the same place every day for 1 minute, let alone 5 or 15. Or, if the company is quite small and travel isn't that big an issue, they'll tell me, "We don't need a meeting when we're seeing each other all day long."



Casual encounters fail to take advantage of the three most powerful tools a leader has in getting team performance: peer pressure, collective intelligence, and clear communication. I'll elaborate a little right now; more in the later chapter.

Last, a daily meeting focuses the collective intelligence of the team on the issues at hand. What a shame to have a high-powered exec team that doesn't take even 15 minutes each day or an hour a week to focus its horsepower on the opportunities at hand!

TIMING

Make on-time attendance mandatory, with no excuses! I've been in intense meetings with clients. I've been in the midst of seeking funds from venture capitalists. It doesn't matter; I tell them I need to take a break for my daily meeting. And it only gains me respect. Overall, start and end on time and don't problem solve. This meeting is simply for problem identification. And if it starts to go longer than 15 minutes, people will drop the habit.

THE AGENDA

What's up, daily measures, and where are you stuck? In the first five minutes, each attendee spends a few seconds (up to 30) just telling what's up. That alone is valuable, because it lets people immediately sense conflicts, crossed agendas, and missed opportunities. Next, the entire group takes a quick look at whatever daily measurement your company uses to track its progress. (You do have one, don't you?) A dot-com company might track Website hits.

The third and most important agenda item is where people are stuck. Applying energy anywhere but the sticking point is a waste.

...Your fear, your struggle, your concern. It's the first step to solving the problem, because until the mouth starts moving, the brain won't engage. Second, the bottleneck somebody goes two days without reporting a sticking point, you can bet there's a bigger problem lurking. Busy, productive people who are doing anything of consequence get stuck pretty regularly.

THE MONTHLY MEETING

The focus of the monthly meeting is on learning – a chance for the executive team to “pass its DNA” down to the next level. This is a two-hour to four-hour meeting (we take four hours) for the extended management team to gather, to review the progress everyone is making on their priorities, to review the monthly P&L in detail, to discuss what's working and not working from a process standpoint, and to make appropriate adjustments.

CHAPTER 9: MASTERING THE BRAND PROMISE

Executive Summary: What really matters to your customers? What is it that brings your customers to you, and keeps those customers loyally returning, purchase after purchase, year after year? It's your brand promise – the key facing point from which all other executive decisions are derived.

Consider your BHAG!

DEFINE YOUR SANDBOX

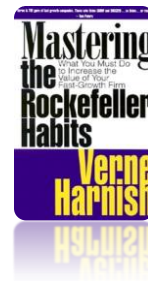


Figure out your desired sphere of influence over the next three to five years. Are you destined to remain a local company, with customers in one or two cities? Or will you grow to be regional, national, and maybe even international? This may not be as obvious a decision as it sounds. And don't assume you can't be a local company and still have some pretty high aspirations because you can.

DETERMINE CUSTOMER NEEDS

What you're looking for is what really matters to the customer. At the same time, you want it to be something that demonstrably differentiates you from the competition.

"We deliver with the least amount of hassle."

CONTROL YOUR BOTTLENECK OR CHOKEPOINT

Now that you've put a stake in the ground by determining your measurable brand promise, what are you going to do to lock it up, to hold that position? You've got to look for the bottlenecks or chokepoints – there's always one or two – and figure out a strategy to either blow them up or neutralize their threat. For instance, early in the oil business, Rockefeller determined that the real shortage in the industry was not oil (it was gushing out of ground) or refineries (over 1,000 pooped up over night), but oak barrels for capturing the oil, and was very specifically, the iron rings that hold the oak slats together. So, one of his first acquisitions was a key firm that made the all-important iron rings.

Value-Add

What is your BHAG?

How do you define your Sandbox – geography, product lines, distribution channels?

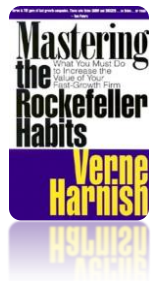
What is the biggest "need" your customers have, distinguished from all their "wants"?

What is your measurable Brand Promise?

What is the bottleneck/shortage/chokepoint in your sandbox/industry and how are you going to control it?

What are you going to do to utilize technology?

CHAPTER 10: MASTERING THE ART OF BANK FINANCING



It has been said that the most powerful three-letter word is “ask”. You will learn who to ask, how to ask, and what to ask for.

THE LOAN PACKAGE IS A STRATEGIC PLANNING DOCUMENT

It has been said that the shortest distance between two points is clarity and strategic planning begins about clarity. A well written strategic plan spells out what you intend to accomplish and includes both the steps and the resources you need to meet your objectives. A strategic plan extends out at least three years – the current year and the following two. (Five-year plans together a strategic plan forces you to look beyond today and examine what your company’s future needs will be to grow or compete in the marketplace beyond the current year.

I discovered that the future-focused companies are the ones that continue to prosper.

- Understand your future
- Describe where you’ve come from
- Describe where you are now
- Describe where you are going
- Address potential challenges and strategies
- Outline how you will deal with adversity if you don’t reach your stated objectives

A KNOCK YOUR SOCKS OFF LOAN PACKAGE WILL:

- Define your mission or niche in the marketplace
- Present a vision of what the business can accomplish if it is successful
- Demonstrate that you can track your money
- Illustrate how well thought out your strategies are and how you’re prepared to deal with adversity if it arises
- Outline specifically what you are going to do and how you will accomplish it
- Identify the resources you will need and how you will access the capital to acquire them
- Project where you will be in three to five years and what additional challenges you will face

CLOSING THOUGHTS

“Failing to plan is planning to fail.” The difference between giving it your enthusiastic best and reluctantly providing a banker or investor with only the information they request can mean the difference between spectacular success and a disappointing failure.

Keys to Success

1. The wisdom to know your strengths and how to highlight them
2. The endurance and patience to go the distance
3. The awareness of your limitations and how to play them down
4. The ability to create the perception that you have the vision, competence, and commitment to execute your plan
5. Demonstrate confidence to the lender
6. Become a master of the system. Be so good at giving the lenders what they want that they are comfortable giving you what you need.
7. Be confident and shop until you drop. No one lender knows enough about your business to tell you it can’t work.