ACCELERATE WITH IMPACT

Colin Thompson

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With
IMPACT

Your Business and Personal Growth

COLIN THOMPSON

IGNITING YOUR BUSINESS AND PERSONAL WELLBEING

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Improving the quality of people is necessary to accelerate with impact organisations in the 21st century. The competition for customers is getting fierce. Customers want and expect much more from company personnel. This book will help you to improve your skills in empowering people to deliver quality service excellence that will impact an increase in the 'bottom-line'.

Businesses that invest in people will 'win', because they care more than other people. Each company should care about its personnel. The world is about dedication to the people environment, since it is people that make companies work, technology only helps people carry out their job more efficiently.

Becoming the best so to 'accelerate with impact your business and personal growth', I have set out to fulfil several objectives;

* To remind Directors of some of the basic principles that you need to invest in people.

* To establish a framework for the detailed review of all aspects of the employees day-to-day operations of the business, leading to the identification of problem areas and the development of action plans to improve performance and accelerate with impact the individual.

* To establish guide lines and methods of planning to ensure the long - term growth and prosperity of all employees and for the company to stay in business longer because of the quality of its people.

The accent throughout is on common sense and simplicity, with an avoidance of management gimmicks and minimum use of jargon.

Business and general life is about dialogue that we 'all' understand and respond to. So make the playing field equal, so all people understand the language used and the action to take, to receive and accept, so business life and general life is successful for 'all' involved.

Yes, you can achieve all things in life by your attitude to be positive, you have the solution in you, so go forward and use it now and be successful in your business and personal growth.

"Morale and attitude are the fundamental ingredients to success."

-- **Bud Wilkinson**

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"The greatest pleasure in life is doing what people say you cannot do."

Walter Bagehot, British author, economist (1826-1877)

FOREWORD

Colin Thompson, through his expression and presentation "Accelerate with Impact your business and personal growth from Strategy into Shareholders Value - A value creation approach", introduces us into the real world of People, the Board Room, the CEO's Office and across the different echelons of the corporate and SME organisations.

His scholarship is prodigious, and by drawing from an exceptionally broad base of sources, Colin captures unquestionably the flavour of the various business environments, the Entrepreneurial Spirit, and is very descriptional on the "What to do - What NOT to do" when it comes to MANAGING CRISIS.

Colin presents a clear picture about how to go on VISION, MISSION and STRATEGY setting, in the modern corporate world and the SME environment. Perhaps the most remarkable aspect of his study is his positioning in managing change and about the needs of flexible capacity from the corporate body to re-engineer itself in front of a permanent changing market environment that also impacts on the SME.

He focuses as well on the re-adaptation and re-assessment capabilities of the human resources in the corporate entity, the operational system's organisation and the vertical/horizontal projection of the overall enterprise.

It is very interesting to find the very strong value which has been put on the "Human Assets" of the Company, incorporating every person working in the organisation into its CAPITAL ASSET VALUE, paying special attention in "Keeping" and "Developing" the human resource value of the organisation, even to a point where the employees are considered "intangible assets, but considered and recognised at shareholder level.

With a formidable amount of research into original sources, Colin drives us into Business Strategic Planning and modelling, but this time "BSP" is focused to the real world, letting aside the "diplomatic" approach of the Board of Directors.

The second part of his work, bring us into business modelling, covering various dimensions such as policy implementation, controlling and managing change in the Strategic Business Planning of the corporation and the SME.

He continues by doing an in-depth analysis of the external elements which may affect or influence the Management Decision Making Process and presents a very interesting profile of the "Executive of the 21st. century".

In summary, Colin, is letting us profit from his 25 years experience on "Hands On" Senior Business Management expertise, and he relays a clear message about how to turnaround and re-engineer corporate and SME entities and increase the 'bottom-line'.

This book is a "MUST" to those who strive to be 'THE MANAGING CLASS OF THE 21st. CENTURY".

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PROFILE – DR. COLIN THOMPSON

Colin Thompson has over 25 years experience as Managing Director and Director. His career to date has given him a complete exposure to business management and management of people. He has wide experience in PLC and private company's in top level management of increasing sales/profit. Also, turnaround and re-engineering experience linked to new corporate identities and successful mergers/take-overs. Plus, developed many business models to increase profitability.

Technical skills/knowledge

- Directorships

    Managing Director
    Director-Print Management and Workflow Solutions
    Director-Operations/Customer Service and Marketing
    Director-Financial and Administration
    Non-Executive Director

    - Professor - European Business School, Cambridge, UK
    - Former Group Chairman of The Academy for Chief Executives

- Initiated New Corporate Identities, also Managing Director:

    Datagraphic Inc. UK, division of USA Group
    Forms UK plc
    WH Smith PLC - Print and Distribution
    Kenrick & Jefferson Ltd
    Mail Solutions Group Ltd, division of SSWH PLC

- Able to successful bring new Products and Services to market i.e.

a) Set up new UK 'green field' manufacturing/distribution/workflow systems organisations and market new Products and Services.

b) Research, development and design of a Print Management Service, including writing a book 'Print Management and Workflow Solutions', plus many other publications and business models.

c) Produced CD-ROM 'Interpreting Accounts for the Non-Financial Manager'- adapted from my two-day course for Anderson's-Chartered Accountants for their clients. Plus other business and education models to increase productivity, retention of customers, employees and suppliers that increased net profit and cash flow.

My training and knowledge has enabled me to take an overall view of an organisation, its operations and strategy. Also, to understand with a degree of competence in a wide variety of business skills and functions. I have dealt with challenges at a high level of complexity, especially those that cut across the common functional divisions of business. Developed several business models to raise the 'bottom-line'.

Education: BA, MBA, DBA, DLitt, CPA, FFA, MCIPD, FIOP, MCIJ

My experiences and knowledge have enabled me to write and have published over 400 articles, several books, guides, research reports, and several CD's/Software on business and educational models plus speaking at International Conferences and Visiting University Professor.

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EXECUTIVE SUMMARY

There has been considerable talk about business needs over recent years and the approach to the quality of people. We have all heard the saying ‘ business is simple, but people make it difficult’. The reason for this statement is that businesses, of all sizes, do not put enough time, effort and money into improving the quality of people, so they can accelerate with impact the business and their person growth for long term benefits.

Improving the quality of people is necessary to take companies through the 21st century. The competition for customers is fierce. Customers want and expect much more form company employees. I believe that the contents of this book will help you to improve your skills in empowering your people to deliver quality and service excellence that will impact an increase on the ‘bottom-line’.

We need a new, positive approach to customer care throughout the business environment. Everything we do must be calculated in terms of whether it helps or hinders your efforts to look after your customers externally and internally. We must get closer to the customer. No person can ever be carrying out any job or attending any meeting which can be more important than dealing immediately with a customer query or complaint. The customer is ‘king’, and I hope that the contents of this book will help you win those customers who want the best service.

Businesses that invest in people will ‘win’, because they care more than other people. Each company should care about its personnel. The whole contents of this book is dedicated to the people environment and business models, since it is people and business models that make companies work, technology only helps the people carry out their job more efficiently.

It is the business and personal goals that produce the rigour and thought that lead to the production of a plan that will improve company and individual performances.

Simply put, the goal structure is as shown below:

Distinctive Capability - The clutch of skills or competencies that distinguishes the company from the competition and will enable it to seize the opportunities that arise in the future - whatever they may be.

Market/Product - The focus of application for the company's skills and competencies.

Identify - Communicating a clear, positive perception and image of the company to each of the audiences who are important to its future wellbeing.

People - Organising the skills and competencies of the company to meet the needs of the customers both now and in the future.

Profit/Performance - Defining the results expected.

! - Customising the strategy to meet the special needs of an organisation and the individual.

Remember, we are only in business, because our customers allow us to be!

People=Performance=Productivity=Profit

"It is not the mountain we counter, but ourselves."

Sir Edmund Hillary, New Zealand mountaineer and explorer (b.1919)

‘A WINNING ATTITUDE LEADS TO SUCCESS’
(Every one in the company should have one!)

Winners are **people** that strive to be all they can be, and will go to great lengths to reach there potential. An internal burning desire drives them to be successful. They possess a positive attitude and can focus their energy. They become stimulated by the challenge of creating the future they want and then act to complete the task.

Creating a winning attitude comes from first setting clear, concise and attainable goals. The objective of goal setting is to provide a clear sense of direction and to properly plan and organise events and performance.

The next step is to establish a positive self-image. We can attain this through a personal vision of successful future accomplishments, acting confident and being proactive. Other steps include monitoring your performance against your targets, (every job has its own Profit and Loss record) as this would motivate you to give an extra effort if you are falling short of measured goals.

Finally, reminding yourself of your victories will reinforce a positive attitude and maintain a winning state of mind. When results do not materialise as planned, a winning attitude helps to look towards the next time and next opportunity. Attitude is the difference between a non-win and a failure. A person only fails when he or she quits. Trying again means that he or she has learned one way in which they cannot achieve the goals. But striving to be successful takes attitude! Be passionate for success and your disciples will make it happen!

Remember, a successful and positive person is a person who is available to help others succeed in a world of endless opportunities that extend across many business sectors, from strategy through to implementation. Accelerate your impact on your business and personal growth with the ‘right’ attitude to be successful.

“The greatest discovery of any age is that a human being can alter his/her life by altering his/her attitude.”

William James, US philosopher, psychologist (1842-1910)

MANAGING CHANGE TO BE SUCCESSFUL

Managing change has become the "silver bullet" in seeking the final component of successfully managing strategy, process, people and culture in most modern organisations. More and more, staying competitive in the face of demographic trends, technological innovations, and globalisation requires organisations to change at much higher rates than ever before.

Few people will argue with this statement, but fewer still will say their organisation does a good job at managing those changes. Managing change well is a continuous and ongoing combination of art and science that assures alignment of an organisation's strategies, structures, and processes. To be successful in the future is all about 'Managing the Change' so to accelerate with impact a positive way forward for business and personal growth.

A growing number of companies are undertaking the kinds of organisational changes needed to survive and prosper in today's environment. They are streamlining themselves and thereby becoming more nimble and responsive to external demands. They are 'involving' employees in key decisions and paying for performance rather than for time. They are taking initiative in innovating and managing change, rather than simply reacting to what has already happened. The 'Right People' are the key to 'Managing the Change' successfully.

Leading Change

However, in our experience, we have also noticed an unsettling forgetfulness among managers regarding the principles of good change management. Trendy fads designed to produce "quick fixes" are accompanied by decreased awareness of the tools and techniques of change management that have proven effective in the past.

The purpose in this article, the second in a series on the subject of change management is to join the "makeover" trend by revisiting and reinforcing some of these basic principles and freshening them up a bit. We discuss what we consider to be six practical aspects of any change process and describe how three successful companies—JP Morgan Chase's Global Investor Services Division (GIS), American Healthways, and Microsoft—have applied these principles.

1. Do no harm.

In the medical profession, doctors take the Hippocratic Oath to do no harm to their patients. One of the most important principles in organisation change is similar. Implementing change poorly is often worse than not implementing change at all. Poor implementation poisons people's attitude toward change and creates problems in the future. You do not wish the company to die of 'shock' treatment.

The best defence against doing no harm is to take a holistic approach. Too often, and with the best of intentions, managers change one facet of the organisation without regard for the whole system. Many organisations need to develop better peripheral vision or whole systems thinking in recognition that all parts of the organisation are connected directly or indirectly and that tinkering with one component exerts tension on other parts. Implementing a new information system or restructuring a business without, for example, examining the human implications of such changes increases the likelihood that the change will be unsuccessful, unsupported, and damaging.

Such change efforts are incomplete and create tension that consequently drags down the momentum of other systems, processes, and people changes, and so ultimately suppress results. Communication at 'all' times on Managing the Change is very important for the success of the company and the people.

Moreover, a sense of "judgment" often accompanies the need for change, as if whatever people are doing now is inadequate. One executive we worked with, referring to an upcoming change, said, "Let's tear apart and deconstruct the organisation and everything that went before. Then we can come up with something better to replace it." This attitude sent an inappropriate signal to the employees that their current way of working was inferior. It cast a veil of negativity across the organisation.

JP Morgan Chase's GIS division is a global currency brokerage that enables its investment firm client base to make international buy/sell transactions at optimum price points. Despite competition from a variety of domestic and international firms, GIS had maintained it's pre-eminence through ongoing investments in technology and an increasing emphasis on the delivery of value-added products to its institutional investors.

President Richard Fama and his senior management team decided that a "business as usual" attitude in a fast growing market would be a foundation for corporate extinction. Therefore, they decided to develop a new strategy, realising they would have to invest more time, energy, and resources into implementing and aligning the strategy with their systems, processes, and culture than they had invested in the strategy development.

The team also realised they would have to implement the new strategy in a way that would build on past success to meet the challenges of the future. More importantly, they recognised that the way they changed was as important as the change itself. They had to ensure that the change made people and the organisation better off. The 'right people' make Managing the Change successful.

2. All change involves personal choice.

Any organisational change is preceded by personal change. Senior managers too often spend time at off-site meetings arguing over the need for change, forging new ideas, and creating strategic initiatives. After such meetings, they issue memoranda to the organisation and assume that everyone will see the brilliance of their decisions, drop what they are doing, and perform in new ways without so much as a question or concern. However, people don't work that way, and it is insulting to assume otherwise.

Change is more often resisted than supported in organisations because people rarely are given the chance to understand the reason for the change. No one bothers to explain to them the "why." And few organisations spend time thinking about "What's in it for the organisation member?" That is, individuals must believe that it is in their own best interest to do things differently. People make the difference in Managing the Change to be successful.

At American Healthways, rated for the second year as Fortune's fastest growing small business as a provider of proactive disease management services, the shift from a traditional structure to a process-based structure depended vitally on CEO Ben Leedle's deep and profound belief that the old way wasn't going to work for the future.

But his own conviction wasn't enough to transform the business' structure. With the help of his HR vice president Rita Sailer and internal OD consultant Chris Cigarran, a series of task forces was created involving a variety of people from different functions in the organization. These task forces witnessed Leedle's personal commitment and were allowed to challenge and address the issues at a deeper level, thus engendering their own commitment to the change.

At JP Morgan Chase GIS, the goal for Richard Fama was a commitment to inspire his senior team to get beyond their own business unit agendas and work toward fulfilling goals and aspirations that were bigger than the goals of each of the units individually.

One by one, the senior team committed to the larger task. Through a series of team and individual coaching experiences, they decided their mission was not only to influence the way things happen at GIS, but also to affect the way things happen in the financial services industry. At the same time, Fama began a process of informal skip level meetings with employees in which he could engage them in determining why and how the new strategy would benefit them as well as the company.

3. The relationship between change and performance is not instantaneous.

As far as human beings are concerned, there is no such thing as instantaneous transformation. As a result, asking an organisation to change (or telling the people in the organisation to change) without giving them resources to do so is a fool's errand.

"Turning the organisation on a dime" or "pulling the organisation through a knothole" are metaphors that do no justice to the process of change. Worse, such wrenching procedures can create cynical attitudes among employees.

In our respective practices, we have not known of a single person who on one day could drop a set of behaviours that served customers or added value and on the next day could perform perfectly a new set of value-adding behaviours. Change involves time and the opportunity to learn, and learning is often inefficient. So don't expect performance improvement too quickly.

Morgan McCall, author of *High Flyers*, maintains that employees, given good guidance, still need to be able to "mess up." Ken Murrell, a professor of organisation change at the University of West Florida, is fond of noting that football teams get to practice six days to prepare for one day of performance, whereas organisations are expected to perform every minute of every day. Where is the opportunity to practice the new behaviours required for organisation change?

GIS adopted a series of twelve bold goals that would signify successful strategy implementation. GIS management set a three-year time line for this effort and urged all work teams and individuals, through investment in training and performance coaching, to be clear regarding which of the twelve goals any one of their efforts was impacting.

They further encouraged experimentation and trial and error—this for a banking culture that previously had spent much time "re-checking the checker" and "covering bases to relieve blame for error." To GIS' surprise, at the two-year mark, Morgan Chase GIS had met or exceeded nine of the twelve goals due to its focus on these goals, tolerance of the varied number of ways to reach them, and investment in adequate resources to prepare employees to reach them.

4. Connect change to business strategy.

Change for change's sake is a recipe for failure. The notion of "If it's not 'broke,' break it and improve anyway" is a waste of scarce and valuable resources. Change should only be pursued in the context of a clear goal, be it personal, group, organisational, or societal. There is value in consistency, and changing before you have to or changing to be a part of the latest fad lowers morale and increases cynicism in the workplace.

Microsoft routinely changes its structure. Approximately every six months, the organisation goes through an exercise aimed at improving the relationships between various operating groups or between sales and marketing subsidiaries and the corporate office. The organisation members have come to expect these structural changes and will commit to them only to the extent that the changes yield short-term results. Consequently, ongoing problems remain unsolved, organisation commitment is weak, and then the structure is changed again.

Under the guise of "Let's just try it," an educational organisation evaluated all middle managers and made compensation adjustments according to the size of their programmes or organisations without regard to performance, the value added to the school's purpose or reputation, or the differences in organisational purpose and structure.

For managers whose compensation was cut, morale plummeted as they suffered through a year of doing the same work for less money. In the following year, pay cuts were restored by 50 percent with little explanation. The cost of reduced organisational trust resulting from a "let's just try it" approach is not estimable. Organisations contemplating change must be sure that organisation members understand the strategy and that any contemplated change must align with and support that strategy.

In addition, change leaders must consistently communicate the proposed change within the context of the business needs so that employees will see a connection between their own personal effort and the impact of their effort on ultimate business results. Partnership and team work are the success for Managing the Change in the future.

5. Involvement breeds commitment.

Few principles in the management of change are as well documented or understood as the idea that involvement breeds commitment, yet organisations continue to ignore this principle. In the U.S.A., where individualism reigns supreme, managers who do not involve their workers in decisions that affect them run the risk of stalled change efforts.

"But it takes too long," is the most common complaint and source of resistance to the involvement imperative. To that we respond, "And what is the cost of failed implementation because you went too fast?" During the research at Microsoft, it was heard one manager got it right when he said, "Managers consistently overestimate how fast they have to move and what needs to be done in the short run and underestimate what can be done in the long run.

"The lesson is that involving people in change decisions provides improved estimates of time tables, expectations, and commitment. Again, the 'right people' are the main ingredient.

At American Healthways, one of the first things CEO Ben Leedle did was commission a task force of people across the organisation to study the organisation's existing structure and to recommend alternatives. By involving key people in the analysis, Leedle extended his own personal commitment into the organisation. The task force members themselves became convinced of the need for change and evangelised the effort throughout the organisation.

At GIS, intact work groups met throughout the company to discuss how implementing the new strategy with its twelve goals would impact the way they did their work.

This activity spurred additional conversations between work groups, and the conversations became departmental and global. During the work with GIS, one of the senior officers observed, "There have been a thousand little victories because somebody has reached out to a colleague or work group that they wouldn't have trusted previously, to work together and to make something happen.

It is happening out there on a day-to-day basis, in the most remote corners of the organisation. That is awfully powerful."

6. Any good change effort results in increased capacity to face change in the future.

It is one thing to "install" a change, but it is a quite different notion to implement change in such a way that the organisation is more capable of managing change in the future.

For example, the road to more information intensive organisations is paved with attempts to deploy enterprise resource planning (ERP) systems. In some cases, the best that can be said about an ERP system is that the organisation has a functioning information system. In most cases, however, the CFO is unable to say there was any return on investment (ROI) attached to the deployment. In almost every case, the organisation is left no wiser regarding how or why the deployment succeeded or failed.

The organisation has therefore learned nothing about change management except to call in a consultant for help. The Consultant should be a specialist and been successful in Managing organisations successful.

At American Healthways, the task forces that debated, decided, and designed the new organisation structure were operated in such a way that each member had a better understanding of the process of change.

Periodically, the task forces paused from "doing" the work to reflect on how the work was going, what they had learned about implementing change, and how they would do things differently in the future. As a result, they were able to conduct much of the implementation themselves.

Compared to organisations that have made similar changes, American Healthways' external consulting expense was a fraction of the cost, and their reliance on their own internal resources to implement the change was greater and more effective.

Similarly, by the time Richard Fama retired from JP Morgan GIS, the organisation had created a way to work across its boundaries and deal with the continuous cycles of change in the global financial services market. The new head of GIS, Tom Swayne, saw the power of this organisation to continuously implement the changes thrust upon it and became an advocate of this organisation's strengths, ultimately leveraging GIS to create a more competitive brand in the financial services industry.

Conclusion

Organisation change is a strategic imperative in today's global and fast-paced environment. There is much that we know about change that is useful. Unfortunately, in the pursuit of change, of trying to be the best, of standing out from the pack, and of seeking higher and higher levels of status and power, managers and leaders in organisations urgently and impatiently clamour for the "latest and greatest ideas."

In their haste, they forget the fundamental and sound principles which are prerequisites for a successful change to occur—and wonder why they are not making progress. Although managing change is difficult, implementing these few tried and true principles can help managers and leaders improve the organisation's success.

Team work is the only way for 'Managing Change' for success for all.

Teamwork is the ability
To work together
Toward a common vision.

The ability to direct individual
Accomplishments toward
Organisational objectives.

It is the fuel that allows
Common people to obtain
Uncommon results.

I feel exactly the same way about 'The Power of Teamwork', written by Blue Angel pilot, Scott Beare and award-winning graphic designer, Michael McMillan. It will be a classic for many years to come! It is the ultimate information on teamwork for 'Managing Change to be Successful' inspired by the ultimate team...The Blue Angels.

Great stories and great graphics are used to reinforce the 9 key principles of teamwork used by the Blue Angels. And, most importantly, each principle ties back to what it means to you and your team. Team work is how to complete 'Managing Change to be Successful'.

"The greatest pleasure in life is doing what people say you cannot do"

Walter Bagehot, British author, economist (1826-1877)

THE MANAGEMENT OF CHANGE PROCESS

Change is intensely PERSONAL. For change to occur in any organisation, each INDIVIDUAL must think, feel, or do something different. Even in large organisations, which depend on thousands of employees understanding company STRATEGIES well enough to translate them into appropriate actions, leaders must WIN their followers one by one. Think of this as 30,000 people having conversation experiences and ending up at a predetermined place at the same time. Small wonder that corporate and even Small and Medium Enterprises change is such a difficult and frustrating item on virtually every company's agenda. The 'Management of Change Process' can be simple, so read on and see why!

The problem (challenge) for most executives is that managing change is unlike any other managerial task they have ever confronted. Most Chief Executive's and Chief Operating Officer's have NEVER experienced managing change or NEVER been trained to manage change. One CEO at a large company told me that when it comes to handling the most complex operation problem (issue), he has all the skills he needs. But when it comes to managing change, the model he uses for operational issues doesn't work. " Its like the company is under going FIVE medical procedures at the same time," " One person is in charge of the 'ROOT-Canal job', some one else is setting the 'BROKEN FOOT ', another person is working on the 'DISPLACED SHOULDER', and still another is getting 'RID OF THE GALLSTONE', each operation is a success, but the patient 'DIES OF SHOCK'!

The problem (challenge) is simple, we are using a MECHANISTIC MODEL, first applied to managing physical work, and superimposing it into the new MENTAL MODEL of TODAY'S 'knowledge' organisation. We keep breaking change into SMALL PIECES and then managing the pieces. But, with change, the task is to manage the DYNAMIC, not the pieces.

The challenge is to innovate MENTAL WORK not to replicate physical work. The GOAL is to teach thousands of people how to think strategically, recognise patterns, and anticipate problems (issues) and opportunities before they occur.

Managing change is not like operating a machine or treating the human body, one ailment at a time. But of these activities involve working with a fixed set of relationships. Most organisations today find themselves under-taking a number of projects as part of their change effort. But the key to the change effort is not attending to each piece in isolation; it is CONNECTING and BALANCING all the pieces. In managing change, the critical task is understanding how pieces balance off one another, how changing ONE element changes the rest, how sequencing and pace affect the WHOLE structure.

One tool that companies can use to provide that critical balances is 'THE TRANSITION MANAGEMENT TEAM', a group of company leaders, reporting to the CHIEF EXECUTIVE, who commit all their time and energy to managing the change process. When that process has stabilised, the TMT disbands, until then it oversees the change effort. Managing change means managing the conversation between the PEOPLE leading the change effort and those who are expected to implement the NEW strategies, managing the organisational context in which change can occur, and managing the EMOTIONAL connection that are ESSENTIAL for ANY transformation.

The ' TRANSITION MANAGEMENT TEAM ' have eight primary responsibilities. This team is not, however, solely accountable for fulfilling these tasks.

1) ESTABLISH CONTEXT FOR CHANGE AND PROVIDE GUIDANCE

The CHIEF EXECUTIVE and other executives establish the company's strategic vision. The ' TRANSITION MANAGEMENT TEAM ' makes sure that everyone in the organisation SHARES a common understanding of that vision and understands the company's competitive situation. By organising discussions throughout the organisation the TMT spreads the company's vision and competitive situation so that INDIVIDUALS and TEAMS can accurately align their OWN activities with the company's new overall direction.

2) STIMULATE CONVERSATION

Most old, larger companies have formalised their operations in such functional ISOLATION that conversations across levels or functions RARELY take place. Instead, people have grown accustomed to presentations followed by inquisitions. Moreover, when resources are scarce and time pressures are severe, conversation often seems a luxury. Yet most change efforts are fundamentally about moving INFORMATION across old and obsolete boundaries. Consequently, organising early conversations between different parts of the company and making those conversations an important, sanctioned part of the change process is a CRITICAL task for the TMT. Early, open-ended conversations often result in the most PRODUCTIVE OUTCOME, conversely, project leaders who press for early results and close off conversation inside the company, usually get to the end of a project with LITTLE to show in the way of NEW insight or real breakthrough thinking.

3) PROVIDE APPROPRIATE RESOURCES

The TMT has TWO TYPES of significant power;

1. The power to allocate resources to make things happen,

2. The power to kill projects that are no longer needed.

The first category, the TMT does command time and budget. Frequently, change efforts falter because the people who are drafted to play important roles in leading teams work only on the margins. As a result, the team never has a real process owner or receives adequate attention. The TMT can change that, it can designate individuals who take on the authority and are given the time and resource to do the job properly.

The TMT can also kill off old projects that no longer have a high priority. In many organisations, the operating maxis is ' OLD PROJECTS NEVER DIE, THEY JUST GET UNDERFUNDED '. Nobody is willing to make the TOUGH decision to cut a project that has outlined its usefulness. The result is a lot of projects that are more dead than alive but still distracting people and using resources. The TMT needs to be the TOUGH-MINDED terminator of these projects.

4) CO-ORDINATE AND ALIGN PROJECTS

As company's shift into fast-paced change programmes, task forces, teams and projects proliferate. One result is a great deal of enthusiasm, energy, and activity. Another is confusion. Even if every activity is valid and necessary, the problem is that they don't seem to fit together. The TMT has two tasks;

1. Co-ordinating and aligning the projects into building blocks that fit together;

2. Communicating to the whole organisation how the pieces align so that others can see the larger picture and appreciate that there is a coherent plan.

5) ENSURE CONGRUENCE OF MESSAGES, ACTIVITIES, POLICIES AND BEHAVIOURS

One of the major complaints of people in organisations undergoing a transition is the management does not " WALK THE TALK ", they say

"EMPOWERMENT" and then shoot down every new idea that comes from their employees. The TMT's job is to be on the lookout for inconsistencies that undermine the credibility of the change effort. The message, the measures, the behaviours, and the rewards must match.

6) PROVIDE OPPORTUNITIES FOR JOINT CREATION

Most change programmes today embrace the concept of ' EMPOWERMENT ', but never get around to defining it. In some companies, empowerment essentially is, " Do what I say and act as if you like it." In others, it is interpreted to mean, "Everybody gets to vote on everything". My working definition of EMPOWERMENT is a TRUE opportunity for employees throughout the company to create the future TOGETHER.

That means ensuring that ALL employees, whether Directors, Managers, Factory workers, or Technical staff, have the information they need to make CORRECT decisions and take appropriate actions. Clearly, the TMT cannot do ALL the communicating and teaching, it is the Designer, co-ordinator and support source for that learning and creation.

7) ANTICIPATE, IDENTIFY AND ADDRESS PEOPLE PROBLEMS

There is a reason why the guide and the communications and human resources teams are ALL represented on the TMT, PEOPLE issues are at the HEART OF CHANGE. For example, a change that involves delayering, changing job descriptions or compensation also requires advance notification and long lead-time. COMMUNICATIONS and HUMAN RESOURCES are critical to success, yet there are routine shortages of talent, diversity of perspective, pounds and share of mind. Cross-functional teams in communications and human resources represent an OPPORTUNITY for gathering and distributing information, both horizontally and vertically, throughout the organisation.

8) PREPARE THE CRITICAL MASS

Given the complexity of scale-up from creating the pilot to making it the norm, it is important to design into the work from the very BEGINNING the resources and strategy necessary for replication and learning transfer. Most teams will need guidance on how to do this as well as help to make sure that what they are doing FITS with other activities.

The organising element of all these activities is the HARD WORK of EDUCATING, TRAINING and preparing the organisation to think, feel and act differently. In companies where change is successful, the leaders look at the whole mobile and the congruence of operations and emotions. It is far easy to equate change with specific tasks when the TMT manages the content and the process, the operations and the emotions; it provides a powerful lever for change.

The real contribution of leadership in a time of change lies in MANAGING the DYNAMICS, not the pieces.

The fundamental job of leadership is to deal with the dynamics of change, the confluence and congruence of the forces that change unleashes, so that the company is better prepared to compete and to be more successful.

The 'right' People = Performance = Productivity = Profit

"It is time for all of us to stand and cheer for the doer, the achiever - the one who recognises the challenges and does something about it."

Vince Lombardi, US football coach (1913-1970)

LEADING CHANGE TO TODAY'S ORGANISATION

Guidelines for Success

What do we actually mean by "change"? The word has become commonplace in organisational language, but it means different things to different people, and depends hugely on the perception of the person in question. To someone who has never been involved in change, a minor shift in work pattern may seem like the end of the world; but to an experienced and enlightened change champion, even large changes can seem like routine events.

In change situations, perception and attitude are everything. It is critical to address the so-called "soft issues", as they are really the hard issues when it comes to successful change. The biggest single part of this is involvement – taking the time and effort to discuss why change may be needed, the overall environment and strategic position that is driving such change, and to give people the opportunity to discuss and share their views. To a large degree, preparation is everything in change situations; there is no substitute for developing and maintaining an environment and approach that will enable change to take place effectively. That means people involvement, effective and consistent communication and taking the time to explain the situation – even if not everyone likes the changes being proposed.

As a starting point 3 questions have to be answered that underpin the change process:

1) Where are we now?
2) Where do we want to be?
3) How are we going to get there?

Answering these questions provides the basic scope that lays out the case for change, the benefits to be gained and a basic risk assessment that addresses the major unknowns.

An assessment of stakeholder perception is critical. This process defines all the stakeholders in the change process, and establishes their position and attitude with regard to the potential change. Without this there is no effective starting point to assess how significant the change is perceived – you may think one thing, but others may feel very differently!

This guide uses a simple 6-step process for effective change:

1) Establish a clear direction – a compelling case for change, involving employees in the discussion

2) Create clear ownership and leadership

3) Communicate the case for change and progress early and often

4) Create and maintain a workable change plan

5) Empower broad-based action - maintain and measure progress

6) Anchor new approaches

Effective leadership is critical during change, at every one of the 6 stages listed above. Leadership during change cannot be overstated – it is pivotal to success. But this means much more than "leading from the front" – it means personal involvement and engagement with the "soft issues", involving people at each stage both to discuss changes and to get feedback about not only how people feel but also how to improve the overall chance of success.

The very best change programmes will strike the right balance between quality leadership (employees look to leaders for guidance during change situations) and employee involvement. This is sometimes stated as leaders setting the framework for change ("top down") with employees helping to establish both workable detail and effective implementation ("bottom up").

Why does change so often fail to capture the intended results?

- Lack of a compelling case – often far too little effort is put into developing the "case for change", particularly the effective involvement of employees

- Failing to understand what change really is – far too often change is still seen as a "single event", effectively moving from one steady state condition to another. But this is rarely the reality today; change is nearly always a journey, and it can take several iterations to get to the right structure / alignment

- Failing to engage with employees – although the vision and case for change are normally developed by senior managers, involvement of employees or groups of employees is vital to effective implementation and also solutions that will actually work! An effective balance between "top-down" and "bottom-up" is critical

- Ineffective implementation – so often implementation is seen, erroneously, as the "easy part". However in reality it is the most difficult part to get right. The real test of implementation is how robust the organisation is to deal with the challenges and to re-adjust as necessary – flexibility is critical

Introduction

This successful guide has been developed to meet the specific needs of change in organisations, particularly with regard to consistent guidance around leading and managing change. It is not a comprehensive review of the subject, and nor does it aim to compete with the many good books written on the subject. Experience and skills are used to share with you.

It is a reference guide that can help build understanding with regard to the many complex issues involved. It is a working document, built for regular use - a day-to-day road map.

We need to start with a basic understanding - what does change actually mean in an institutional context? The word "change" has become commonly used in recent years, but the first challenge is that it means different things to different people, and depends hugely on the perception of the person in question.

In some instances it is used to signify a single event, a move from one state to a new state, and is conducted with relative ease and minimal disruption. But more commonly it is used to mean a major shift in the organisation affecting both people and processes, and taking weeks or months to complete.

This brings us to the first key point – balancing the significance of the change and its potential impact with the way it is perceived by the people involved. How people see change depends entirely on their past experience and degree of flexibility and adaptability. To someone who has never been involved in change, a minor shift in work pattern may seem like the end of the world; but to an experienced and enlightened change champion, even large changes can seem like routine events.

In change situations, perception and attitude are everything. We shall see later how important it is to address the so-called "soft issues", as they are really the hard issues when it comes to successful change.

Equally important is the need to make a distinction between organisational change and running the business effectively. Some business decisions need to be made as a routine part of "running the business" and ensuring sustainability. Such events often need to be dealt with quickly, and employee involvement can follow. (You will get no thanks for letting the business fail because you felt it was necessary to wait 6 months to gather the opinions of every employee!)

So what does all this mean for someone leading change? For a start, if you are a manager in any kind of organisation, the likelihood is that you will implement change at some point – and probably quickly. Much recent leading edge writing thinking about the role of leaders tends to agree that leading change is in effect the same thing as leading – i.e. leadership without effective change management skills is becoming ineffective as a core skill.

Not only that, but the ability to understand, believe in and role model effective leadership behaviours is crucial. During change situations people will only really believe and buy into what credible leaders tell them – and the reality is that many people in lead positions are not able to do this effectively? Why is this? It is simply because they have not put in the effort to develop their own leadership capability, particularly around key leadership behaviours.

The values that an organisation adheres to in support of its mission and vision, and the leadership behaviours that evolve from them simply have to be evident and visible if effective and lasting change is going to take place.

Against this backdrop it is hardly surprising that "leading change" has been identified by the RGU Executive Group as a key organisational capability for all managers and one where significant development effort will need to be focused.

This guide does not go into detail about the legislative aspects of change – in particular regarding situations where changes in employment status may occur. This information is available from your HR Client Partner. It is critical that, in any change situation, the HR Client Partner is involved as early as possible in the process. Not only does this ensure the most effective advice and collective forward planning, but it also allows early planning for any legislative aspects of potential change situations.

Setting the context

What do we mean by change? Looking at some dimensions will help:

- In the 1990's, nearly 50% of all UK and USA organisations were restructured

- In the 2000 – 2010 decade, it is predicted that:
    - Working from home will increase 20-fold
    - 30% of all knowledge will become obsolete
    - Dual career families will make up over 70% of all families

What are the main sources of change?

- Societal / behavioural – e.g. life-style changes
- Technical
- Economic

So change comes from a variety of sources, and affects us all. People may tend to think of change, as something that only affects them at work, but the reality is very different – just look at the life-style and economic changes that have affected everyone over the past 30 years.

Change is here to stay – and it going to affect us all. If we look back rationally at the last 100 years, this should be no surprise of course, but its how we see change at a personal level that really matters, and maybe more importantly how "in control" we feel.

When asked, over 80% of people will generally see change as a good thing, but this drops to 20% or less when it gets personal, and looks like it <u>might</u> in any way adversely affect someone, even if it won't! In change situations, perception and reality definitely are not the same things!

The paradox of change

There is a major paradox about change, and it is that the best change programmes are successful because they do things in a way that most people wouldn't define as "change" at all!

In the words of Glenn Tilton, CEO of UAL (United Airlines)

"At least 70% of major corporate changes fail to capture the benefits ascribed to them. A big factor is that the soft issues are not understood to truly be the hard issues. Not enough attention is dedicated to the hearts and minds of the people in the organizations"

And to quote William Bridges (from Managing Transitions):

"It isn't the changes that do you in, it's the transition"

These two quotes are effectively saying the same thing – change is not really about the structural changes that are made to organisations, but about the way that people are guided and treated during the change process. But this is itself a challenge if the enduring culture within the organisation is not aligned to good people management in the first place!

No wonder, then, that it is so often said that effective change is 20% structural change and 80% good people management.

Success is not assured

A very high percentage (roughly 75%) of change programmes fail to meet their objectives.

For quality management initiatives it's even worse – something like 80% don't meet initial expectations.

This provides a very rich source of information about how <u>not</u> to do it, and there is a growing sense of organisations wanting to learn from best practice in order to minimise the chance of failure. What does best practice and the lessons of so many failures tell us? The key success factors are:

- A compelling vision of why change is needed

- Effective and consistent communication
- Adequate preparation and conditioning
- A thorough and lasting implementation process that deals effectively with peoples' concerns and needs as they adapt to the new situation

The rest of this guide is focused on what best practice looks like, and how it can be applied effectively.

The human dimension

Why do people react to change the way they do? On the face of it, with so much change occurring and having so much impact on so many people, it might be logical to assume that people are generally getting more used to "change as normal". Unfortunately logic and reality are far apart, as we shall see.

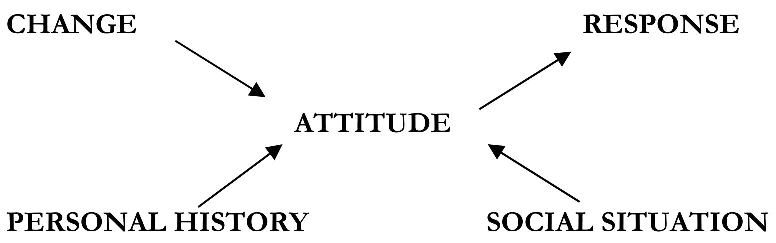
Firstly let's look at why people tend to shy away from change – often to ignore what to others might seem obvious.

Most people, when confronted with a situation that challenges their deeply held inner beliefs, tend to "rationalise away" the new information in order to maintain their existing view of things. This is often stated as "rationalising away" versus "being fully rational". Technically this is known as "cognitive dissonance reduction, and is a well-documented psychological phenomenon.

Even in situations where the need to change is fairly clear and obvious, and may start to affect a persons ability to function effectively, people often still rationalise away the new information. This phenomenon is probably best demonstrated in Spencer Johnson's excellent book "Who Moved My Cheese"? This is a light-hearted book but with a very significant message for today's fast-changing world.

Fritz Roethlisberger

Why do people do this? Psychologist Fritz Roethlisberger developed a theory that each change situation is interpreted by each individual according to their attitude. He developed this into a diagram known as Roethlisberger's X chart:



In effect our attitude to change and the response we make is heavily influenced by the way we "see" the situation – in effect the "psychological advantage" (or not) within any given situation.

Generally speaking the principle factors that cause resistance to change are:

- Loss of security or status
- Inconvenience
- Distrust or uncertainty
- Cognitive Dissonance Reduction (as explained above) – in effect rationalising the "new reality" of the situation away and sticking to "firmly held" (but quite possibly seriously flawed and outdated) beliefs

Consequently anything we can do to reduce the level of uncertainty and to dispel rumours that have no foundation will help to reduce resistance to change.

Kurt Lewin

Social psychologist Kurt Lewin likened the process of change as going from one steady state to another. He recognised that change, whenever conducted too quickly and without due regard to the people involved, tends to "shatter the equilibrium" and lead to (almost inevitable) resistance.

He proposed an ideal 3-stage process:

- Unfreezing old attitudes
- Introducing the change
- Re-freezing attitudes around the new approach

"Unfreezing" is the process of preparing for change, which may involve:

- Greater dialog with employees
- Leadership guidance on the reasons for change
- A simple, compelling case as to why change is needed
- Why the "status quo" is not a satisfactory situation, longer term

In essence it is about helping as many people as possible to understand the realities of the situation and the need for change, even if people don't like the possible implications for them personally.

Once the organisation understands the need for change, then the changes can begin – but this does not mean that all resistance ceases. During the period of change people in the organisation will watch key leaders for signals, and also look for information about "what is in it for me". The key to success is for management to be open, honest, and candid, never attempting to hide bad news.

For many managers there is a natural reluctance to be open and honest – often because they fear the reaction of employees. But the overwhelming evidence from case studies is that the situation is much worse when information is withheld, versus releasing information in a timely manner.

"Re-freezing" is the process by which the "new way" becomes regular behaviour and practice. However this can never happen by simply telling people to change. The only effective way is leading by example, with supervisors playing their part to create an environment that constantly and openly reinforces the new behaviours and hence the desired change.

"I wouldn't start from here"...

One of the more unfortunate realities of management is that when the need for change becomes apparent, the organisation is often not in the best state to accept it. This can be characterised by the statement..."if I was going to change things, ideally I wouldn't start from here"!

This is the real paradox of change; it really isn't about organisational diagrams and structures. It's about how people are managed, how well informed they are, and how well they understand and support the longer-term vision and "compelling case for change" within the organisation. But this simply doesn't happen overnight; it is a process that takes years to do well.

The real "breakthrough thinking" around change tends to occur when the so-called soft issues are recognised as the real change issues. In effect this is saying that there are two paths open to anyone conducting change:

Path 1 – overly focused on results and short term benefits, and generally failing to recognise the human dimension and team development need

Path 2 – focused much more on how the people in the team are going to achieve the results expected, and how they need to be managed and developed to achieve that

Many businesses, driven by a desire to meet short-term financial objectives, tend to choose path 1 by default. But overwhelmingly senior leaders are recognising now that path 2 is the only way to ensure sustainable and longer lasting change.

An effective change management process

So far we have seen that change is much more about people than process, and lasting change has a lot to do with good leadership and people management skills.

So what does an effective change management process look like, and how is it implemented? The following 6-step framework is a good basis to start from for any organisational change programme, regardless of size or impact.

The starting point is the recognition that a change programme has to be defined well enough and have outcomes clear enough and valuable enough to make it worthwhile doing at all. (This may seem intuitively obvious, but its one of the main reasons why so many change programmes fail to achieve their expected targets).

In effect we have to answer 3 questions that underpin the change process:

1) Where are we now?
2) Where do we want to be?
3) How are we going to get there?

Answering these questions will provide the basic scope – a short document that lays out the case for change, the benefits to be gained and a basic risk assessment that addresses the major unknowns.

This then provides the starting point for the project management process that is needed as an "umbrella" or overarching process inside which the change process fits. (This book does not go into the details of the project management process, other than where it overlaps directly with the change process. It is assumed that such a multi-stage process for managing projects is available for use).

Secondly, an assessment of stakeholder perception is necessary. This process simply defines all the stakeholders in the change process, and establishes what their "position" is with regard to the potential change. This covers how they see it, how they might react, and any alternative positions they may hold. Finally it addresses how positive or otherwise they may be to the overall change agenda.

A degree of data collection through focus groups and informal meetings is likely to be needed to establish the true stakeholder positions.

Stakeholder analysis is essential at the start of any change. It helps establish the impact and degree of acceptance to it – and this is critical if we are to know how hard we have to work to make the change happen. There is no point in designing a huge change programme for a change that everyone accepts and is more than happy to do anyway!

The 6-step process for effective change

1) Establish a clear direction – a compelling case and a sense of urgency

2) Clear ownership and leadership

3) Communicate the case for change early and often

4) Create and maintain a workable change plan

5) Empower broad-based action - maintain and measure progress

6) Anchor new approaches

Step 1: Establish a clear direction – a compelling case and a sense of urgency

For any change, no matter how small, it is essential to have a clear and well thought out understanding as to why change is necessary.

For some leading edge organisations this can be less of an issue, because they put so much effort into establishing and maintaining a culture of continual change – in effect for them “change” becomes part of the lexicon of everyday work.

However for most organisations this is not the case. For them the starting point is about creating:

- A clear case for change, approved at the appropriate level
- A compelling and reasonable argument, laid out in the form of a directional paper or memo
- An understanding of the timescale involved, even if its not fully defined
- An understanding of the urgency for change, and the consequences of not changing
- The right climate for change – the ground work with stakeholders to create an initial sense of involvement and engagement with the challenge

Step 1 cannot be rushed. It is fundamental to effective change, and the dialogue with key stakeholders is critical to shaping a comprehensive and viable approach. Often this step takes place over several weeks or months, and is highly iterative – homing in on the most appropriate approach and ultimately to the compelling case for change.

One of the biggest issues to be addressed in step 1 is how to create enough urgency without overly stressing people – in effect ensuring it is taken seriously but at the same time making sure the outline implementation timeframe is reasonable.

People have a natural tendency to relegate things they perceive as unnecessary to the bottom of their “to do” list. If this occurs with the key people who are essential for early engagement and buy-in, then nothing will happen. So creating the collective sense of urgency and priority with key stakeholders is critical to getting a good start at all.

In some cases, particularly where change is necessary as a prerequisite for effective business continuation, then senior leaders will often have to declare the situation as urgent and high priority with limited discussion and feedback, in order to ensure early action and progress.

Step 2: Clear ownership and leadership

The next step in the process is to ensure that there is clarity around who is leading the process and who will approve the actions to be taken. For most major changes there will also be a leadership team, reporting to the project manager, that needs to be briefed, fully engaged and have the capacity (i.e. time and priority) to contribute to the process.

As well as establishing the management (or governance) process, it is also essential to establish the guiding principles and vision that all stakeholders involved in the change process can buy into. This defines how the team will work together, how they will communicate to other people, and how they will explain the issues to others when appropriate. It is crucial that this is done with a common message and language. People will simply not follow the lead of a team that is perceived to be divided and acting as anything other than good role models to them.

It is also good practice at this stage to identify who the "champions of change" might be. The reality is that it's the champions, the people who will take a positive approach and use the right constructive and visionary language, who make lasting change happen. There is a critical mass element to this, and a basic "rule" of change is that there needs to be enough change championing occurring appropriate to the magnitude of the change, if such changes are going to be made in a reasonable timeframe. The reality is that having fewer champions translates into a longer change transition period, and this can have a major impact on the ultimate effective change.

Finally it is critical that ownership for the change process is with the relevant line managers. Consultants, HR and other support teams can all help managers to develop and implement successful change but line management ownership has to be clear from start to finish.

Consequently there is often a strong case for identifying and appointing a Change Coordinator / Facilitator – someone who can work closely with the sponsor and project leader to coordinate and facilitate day-to-day aspects of the change process. This might for instance involve day-to-day project coordination and project team facilitation. The role holder does not own the project, but does work to ensure effective engagement of key stakeholders in getting to effective and timely solutions.

At this stage it is also critical to establish how employees will be involved, and to what degree – particularly those in leadership positions. The "RACI" approach can help here. "RACI" stands for:

- **R**esponsibility
- **A**ccountability
- **C**onsult
- **I**nform

As we have seen above, establishing who is accountable is key – "where does the buck stop"? There can be no confusion about this.

Responsibility can be shared, but the accountable person needs to be clear about WHAT is being delegated to WHOM, and also to ensure that they have the necessary authority and capability to act.

Consult and Inform are critical. Basically you should aim and plan to consult with people before decisions are made, and take feedback into account to some degree. However there will also be times when all you need to do is to inform people, typically once a decision has been made.

To what degree one needs to consult versus informs (or both) depends on the specific circumstances of the change in question. This is why it is so important to think this through well before starting into a change process.

Step 3: Communicate the case for change early and often

One of the biggest barriers to effective change is poor communication – or to be more accurate poor perceived communication. An effort may well have been made to communicate, and the leadership team may well have felt they had done a good job at this, but its perception that counts. If the message was poorly understood or misunderstood, particularly where no effort has been made to clarify around concerns, then resistance can be expected, and it might be serious!

It is never too early to start the communication process. Section G) below contains a comprehensive guide to effective communication during times of change.

Step 4: Create and maintain a workable change plan

So far we have focused mainly on people issues, mainly because those are the ones most likely to cause implementation challenges if not handled correctly.

However it is important to build and maintain a project plan for change that includes all the normal project elements – major tasks, deliverables, timeline, who does what, risk assessment, logistical issues, etc. This will also include the more traditional elements of change plans, such as:

- Scope, i.e. what is included and what is not
- Organisational structure
- Roles and responsibilities
- Selection, recruitment and / or separation issues
- Implementation plans
- Progress review methodology

It is important that the change process is recognised and planned as a project, and one that includes all aspects of implementation as part of the project. (Typically for instance this might include any necessary training and development – so often forgotten in change programmes).

Although a general project planning process might be used, it is important that the project plan has the following key elements included:

- Initiate the project (including defining project board, team, manager)
- Define alternatives
- Select alternative and plan for detailed implementation
- Execute the approved plan
- Operate and make additional improvements

Step 5: Empower broad-based action – maintain and measure progress

Once the decision has been made to make the change, then it is critical to "do something" – in effect making it clear that there really will be a change and it will have lasting benefit. Generally speaking there is a "window of opportunity" to do this, because if people see no changes and no action then they start to believe, wrongly, that the change itself (and more worryingly the need for change) has gone away.

What is more, people can be keen and creative when involved in the change process, particularly when it has a direct impact on helping shape the outcome. A mechanism needs to be in place to allow for modification of the implementation plan, whilst still monitoring the overall project scope and timeline.

Typical actions are:

- A clear implementation plan with realistic timescales and milestones
- Changing structures and processes
- Establishing clear new reporting lines
- Focus on new team development and individual development needs
- A culture of empowerment, trust and support
- Setting up measurement processes – with clear targets
- Focus on dealing with problems and potential roadblocks
- Role modelling good leadership behaviours

Step 6: Anchor new approaches

No matter how effective the introduction of change may be, ultimately the "proof of the pudding" will be how the new culture develops and embeds and how visible this process is. It is all about how effectively the transition is made from the current state to the desired state – particularly embedding the behaviours necessary.

This will typically take the form of:

- Continual reinforcement of the shared vision
- Encouraging and recognising reinforcing behaviours in others
- Recognising and taking with us "the best of the past"
- Openly recognising people who do well
- Celebrating as a team
- Embed a team approach with appropriate development and support
- Clear linkages between individual objectives and organisational success
- Realistic yet challenging goals and objectives
- A strong sense of " we will succeed or fail together"

It is crucial to make an early effort to make the "new way the normal way". It is all too easy to fall into the trap of continuing to work in the same ways as before, and to treat the changes as something that will be done "when we have time". This in effect makes the change process a "bolt-on" rather than "core".

The language, behaviours and actions that leaders (at all levels) take will shape the overall implementation and determine how effective it is. The key message is to reinforce a "we" culture and avoid "they / them" language.

Barriers to effective change

So far we have built up a comprehensive picture of what organisational change entails, but we have not looked at the realities of the situation – in effect why so many change initiatives fail to meet their objectives. This section looks at why change so often fails to make the impact expected.

The compelling case for change

Many change programmes in effect fail right from the outset, because they do not create an adequate sense of direction. Far too little effort is put into "painting the picture" as to why change is necessary, the impact of market forces and what will happen if we changes are not made. Organisations often fail to involve employees enough in the story of how the competitive landscape is changing, and what the medium-long term outlook options might be.

In particular, managers need to be exposed to the situation and possible outcomes as early as possible because they carry the responsibility of cascading the case for change to other employees, and doing so in a way that promotes buy-in and team inclusiveness.

Developing the case for change is not a simple process, and generally requires months of discussion and re-working to get it to a viable state. Early employee involvement and discussion can be hugely influential in overcoming resistance to change later on.

Not understanding what change is

Because the background to change may often be not well understood by employees, then a sense of change as a "single event" may emerge. In effect change then becomes seen as a step change to a new "steady-state" situation. This may have been true 20-30 years ago, but not now. Change is a journey, not a destination, and this applies as much to managers leading change as to employees having to come to terms with the consequence of change.

It is also critical to understand how "change as a journey" nearly always brings development opportunities, particularly when working with new systems and in new ways. At a personal level this is often overlooked.

Timescales

All change requires a clear timescale to work to. Without it there can be no commitment to change, because people simply won't know when things are going to happen (or in some case if they have happened) and hence know how effective the changes were.

Right at the outset there is a need to set some timescale, even if it is an estimate. Why? Because once a compelling case has been communicated, then people naturally will ask when any change is likely to happen. As we shall see later in the section on effective communication, once the process has started and "the meter is running" so to speak, then consistent communication is critical. A key part of this will be to gradually improve the timescale and end-point estimates.

There is a second reason why a timescale is so important, and it is that change can be a highly stressful experience for some people. Hence it makes good business sense to go as fast as reasonably practical and in line with effective decision making. Although this might appear to increase the stress levels, in reality it is far worse to "keep people waiting" than to "get on with it".

Ownership confusion

In any change situation it is critical to be very clear about roles, particularly with regard to who is responsible. Typically this breaks down into:

- Who approves the overall project?
- Who owns / manages the change process (if different from above)?
- Who is involved in shaping the new organisation?

This is a critical first step because the communication process throughout any change requires to be continually managed, and as we have seen already, in many ways is the key to successful implementation. But without a clear understanding of roles there is also likely to be confusion about who owns the whole change and communication process.

So often in change programmes consultants (sometimes internal support employees) are used to help develop the case for change and planning stages, and this often helps to develop a better overall understanding of "why we have to change". However this is not the same as **owning** the change process. Only the line managers concerned can do that – and only they can be effective at communicating change to employees.

Employee involvement

In any change situation the compelling case and vision can only be developed by senior management – after all, that is what they are paid to do.

However there is a big difference between developing the case and implementing it, and implementation invariably involves a wide number of people at all levels.

In many major change situations managers fail to involve employees in change teams. Why? Because so often senior managers fail to see the importance of having the very people who will have to work in the changed organisation work out the details of how it will actually operate in practice.

This so-called "bottom-up" approach not only brings wider involvement and hence greater buy-in, but it also creates far greater opportunity for new and innovative ideas within the framework of the "top-down" strategic vision.

Ineffective implementation

There are countless stories of change programmes where there was an excellent business case, a good plan, but poor implementation and follow–up, leading to lower than expected results. So often implementation is seen as "the easy part" and sometimes is not even seen as part of the change process!

In reality implementation is the hard part – it is where the whole organisation gets involved probably for the first time, and it is where assumptions made during organisational design get tested in practice, and in many cases found to be inadequate.

The real test of implementation is how robust the organisation is to deal with the challenges and to re-adjust the organisation and revised processes early enough. Flexibility is everything, and although the overall strategic framework needs to remain in place, many detailed steps may well change during implementation.

Although it is difficult to design a generic change implementation checklist, it should contain some essential elements:

- A clear understanding of who is organising the implementation process – in effect an implementation coordinator
- A fair, equitable and fully transparent selection process
- A clear handover plan if roles are changing, including how to deal with unfinished work
- A detailed move plan if people are moving location
- A detailed communication plan which keeps all staff involved and updated
- Clear understanding that, to some degree, everyone's role changes
- Recognising that some changes will be needed and maintaining flexibility
- Early alignment of the senior management team around a set of team behaviours and an agreement to role model such behaviours
- Regular team meetings with a standing agenda item around change implementation
- A clear understanding (by all) of when "transition" should evolve into "normal running"

Why "the way we do things" may not be good enough any more

During boom times or periods of relative economic stability, managers can become overly confident of their management capability – in effect believing that results are all down to their abilities. But in many cases the situation is far more complex than this.

The general business or political environment may be playing a huge part in the overall success, and when something happens to challenge this (such as a major economic shift) it can be doubly hard for managers to realise they have to change. In some organisations it is only when this happens that they realise that their management capability was rather less well developed than they thought!

Failing to celebrate success

Knowing when to stop and declare victory is important because it is a key part of establishing the new culture as "normal running". In effect this is moving out of "change transition" and into "continuous improvement", and a judgement call is needed to establish when to do this.

A change checklist

The following checklist for change is adapted from "Human Resource Champions" by Dave Ulrich. It provides an effective benchmark against which to assess progress:

Key Success Factors for Change	**Questions to Assess and Accomplish the Key Success Factors for Change**
Leading change (who is responsible)	Do we have a leader? *Who owns and champions the change? *Who publicly commits to making it happen? *Who will acquire the resources necessary to sustain it? *Who will put in the personal time and attention needed to follow through?
Creating a shared need (*why* do it)	Do employees? *See the reason for the change? *Understand why the change is important? *Understand what will happen if we *don't* change? *See how it will help them and/or the university in the short and long-term? *How do we *know* that employees see the reasons for change? What feedback and checking has been done?

Shaping a vision (*what* will it look like when we are done)	Do employees? *See the outcomes of the change in behavioural terms? (that is, in terms of what they will do differently as a result of the change)? * Get excited about the results of accomplishing the change? *Understand how the change will benefit customers and other stakeholders? *How do we *know* that employees see and share a common vision? How has this been checked?
Mobilising commitment (*who else* needs to be involved)	Do the sponsors of the change? *Recognise who else needs to be committed to the change to make it happen? * Know how to build a coalition of support for the change? *Have the ability to enlist support of key individuals in the organisation? * Have the ability to build a responsibility matrix to make the change happen? *How do they *know* that the people who need to be committed to change actually are?
Modifying systems and structures (how will it be institutionalised)	Do the sponsors of the change? . . . * Understand how to link the change to other systems, for example, staffing, training, structure, communication, and so on? * Recognise the implications of change on systems? *Recognise the criticality of "taking the best of the past forward with us"?
Monitoring progress (*how* will it be measured)	Do the sponsors of the change? . . . *Have a means of measuring the success of the change? *Plan to benchmark progress on both the results of the change and the process of implementing the change? * Plan to celebrate success at the appropriate time?

Making it last (*how* will it get started and last)	Do the sponsors of the change? . . . *Recognise the first steps in getting started? *Have a short- and long-term plan to keep attention focused on the change? *Have a plan to adapting the change over time? *Have a plan to keep employees engaged and listen /react to feedback?

As part of the measurement of effective implementation, it is a good idea to review progress against all 7 stages of the checklist on a regular basis, typically every 3 months. A simple qualitative measure of process quality, on a scale of 0 to 100, will suffice.

The criticality of effective communication

"The greatest problem in communication is the illusion that it has been accomplished"

George Bernard Shaw

Effective communication is <u>the</u> central factor in managing change. But it is also the main area of change that has traditionally been neglected or poorly handled.

The quote from Shaw gives a clear insight into why this is – differing perceptions as to what has actually been achieved. All too often the message delivered does not come across as intended, and what <u>isn't</u> said tends to speak just as loud if not louder than what <u>is</u> said.

One thing is certain when communication is concerned, and that is that communication occurs whether you want it to or not! That is a real dilemma for a change manager, because in effect everything they say and do becomes part of the overall change "jig-saw puzzle" as far as the employee in concerned. Every word, raised eyebrow, nod of the head, smile, raised voice etc provides information, so the key is to know that and manage it as best you can

Consistency is critical – what you said a week ago must link into what you say today and what you plan to say next week. Errors and inconsistencies will be seen by employees as a sign of uncertainty and confusion, which invariably gets received as "they are hiding something", or "they don't know what they are doing"!

So how can you overcome these challenges and use communication as an effective change tool?

- Recognise that <u>everything</u> you say and do is part of the communication process
- Use every opportunity (formal and informal) to communicate the "case for change" - it is better to introduce the idea of change through informal discussions, focus groups, updates on the business outlook and wider business environment, etc
- Develop a communication plan that includes <u>how</u> and <u>when</u> you will tell people <u>what</u>, and by which medium
- Use written (memo, e-mail) media to communicate formal things that you want everyone to see
- Use verbal means to set the context and explain <u>why</u>, etc
- Be as open as you can and tell the truth – even if this means saying you don't know yet or can't say yet
- Consistency is everything. People will look at the sequencing of communication for any hints or hidden messages, and read in things that were never intended! It's critical to maintain a consistent message, and to ensure continuation from one communication to the next
- Communicate on a regular basis, even if there is little to say. It is much more important to "keep the regular channels open" than to "only say what you need to say when you need to say it". Also remember that a gap in communication will always be interpreted as "bad news"
- Ensure the right level of urgency is communicated along with the compelling case
- Work with the leadership team for the area concerned to ensure a consistent message is conveyed
- Focus on the benefits of change and the consequences of not changing
- Tune in to different stakeholder groups' needs and preferences
- Seek feedback at every opportunity to encourage involvement

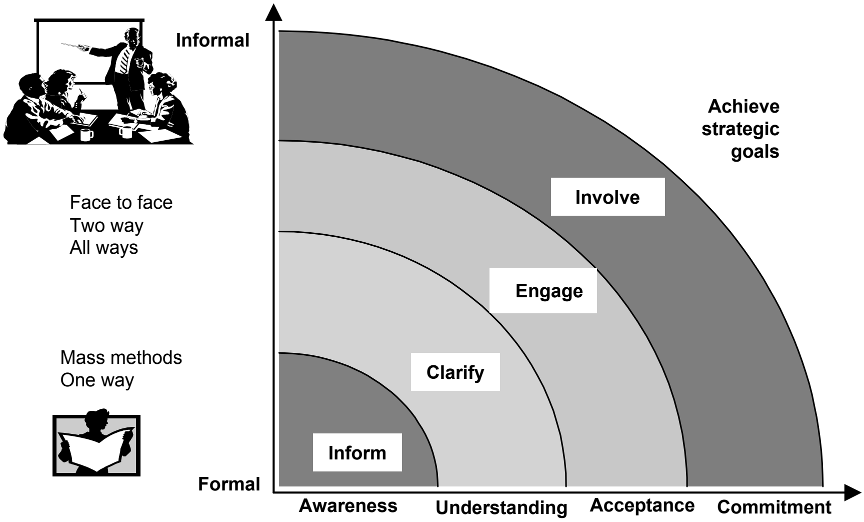
Benefits of effective internal communication are:

- Good communication processes help people to understand where they fit in the big picture, and how their job and team contributes towards achieving the organisation's goals
- Good leaders are often good communicators - great communication skills and practice helps leaders set direction and maintain morale. They are more credible to their team as a consequence
- People have more opportunities to speak up about concerns, as well as ideas and suggestions. A more trusting relationship can be created with colleagues and managers as a result
- Since employees are the organisation, if they're well informed and motivated it stands to reason that the organisation's internal and external reputation can only benefit
- Change is never easy to deal with, but good communication makes it easier for people. They understand what's going on, why, and (as far as possible) how it will affect them. It won't make everyone like change, but people will feel more comfortable, and better able to continue with their job while change happens

The diagram opposite helps explain the various stages and different means of communicating.

Employees will progress through the stages - from awareness to understanding to acceptance to commitment - at different paces. It is vital that leaders use the most effective and appropriate communication media to complement what's required of employees at each stage. The process is not linear, and iteration or recycle is essential to get full understanding.

For example if you want to inform employees of a change, which will not require their involvement, (i.e. a change to a process which does not directly concern them, but is important to the organisation) then use a newsletter or bulletin to advise them.



At the other end of the spectrum, if the change you're proposing will require them to work in a different way in the future, it is critical to involve them in its design, via workshops, discussion groups or project teams.

The role of the leader during change

By now it should be apparent that change has much more to do with the so-called "soft" issues and much less to do with hard, structural issues. In effect leadership and change is one and the same thing – change will simply not happen without effective leadership and anything less than good leadership will lead to ineffective change. Very few organisations can afford that – which is why leading change is such a huge issue.

One of the challenges is that people generally perceive change to be 80% structure and 20% people issues, whereas in reality it is the other way round – and most organisations only find this out the hard way, by making mistakes and learning from them.

So change is predominantly about:

- Good communication
- Personal desires
- Alternative culture and culture change
- Anxiety and loss of control

- Hidden agendas

To some degree these are all leadership issues. Leaders, at all levels, can do something about these issues and hence make change happen more effectively - but only if they choose to do so.

The role of leaders during change cannot be overstated – they play a pivotal role in making change happen. What is more, employees look to leaders for guidance particularly when situations are uncertain and change is likely. In fact employees watch leaders for any signs, whether intended or not, and read into them whatever they feel they need to.

Consequently it should be no surprise that the ability to understand, believe in and role model effective leadership behaviours is crucial. During change situations people will only really believe and buy into what credible leaders tell them – and the reality is that many people in lead positions are not able to do this effectively.

Why is this? It is simply because they have not put in the effort to develop their own leadership capability, particularly around key leadership behaviours.

The values that the organisation adheres to in support of its mission and vision, and the leadership behaviours that evolve from them simply have to be evident and visible if effective and lasting change is going to take place.

What are the leadership behaviours most relevant to change situations?

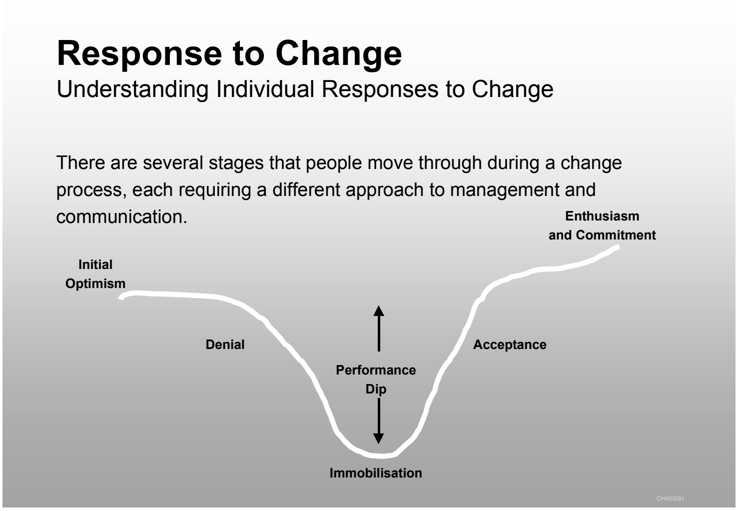
- Understands the wider context and can explain them effectively
- Communicates a clear vision with commitment and passion
- Brings ideas to life for others, seeking to engage and gain buy-in
- Listens to others, shows interest in other perspectives
- Encourages contributions and shows appreciation
- Treats people with respect, recognising achievements
- Able to persuade without resort to authority
- Sets and adheres to high standards
- Takes ownership of issues, ensuring resolution
- Encourages individual development, instilling self-belief in people
- Gives constructive feedback
- Build high performing teams
- A highly effective communication style that promotes team working

The danger under these circumstances is that leaders do less, not more, because of the concern that they may do something wrong, or get caught up in a debate they are not prepared for. But the reality of the situation is that if they do this they make the situation worse – a classic "catch 22" situation!

So what should leaders do to help make change more effective?

- Recognise that you are a role model, whether you like it or not!
- Be visible, and listen to concerns - encourage constructive debate and feedback
- Even if you don't "buy-in" fully to what is happening, you still have a responsibility to help employees through the process in a supportive, positive and constructive way
- Be consistent in what you say, and never speculate – if you don't know or can't say, then say so
- Be empathetic to concerns, and help people understand what is <u>actually</u> happening, not what they <u>think</u> is happening
- Ensure that business keeps running smoothly during the change process – keep your "eye on the ball"
- Go out of your way to involve people and explain what is happening
- Focus on team working and team development needs

Everyone, no matter how enthusiastic they may be, will at some point experience the "performance dip" shown in the diagram below. Leaders at all levels need to be aware of this and handle each situation as appropriate.

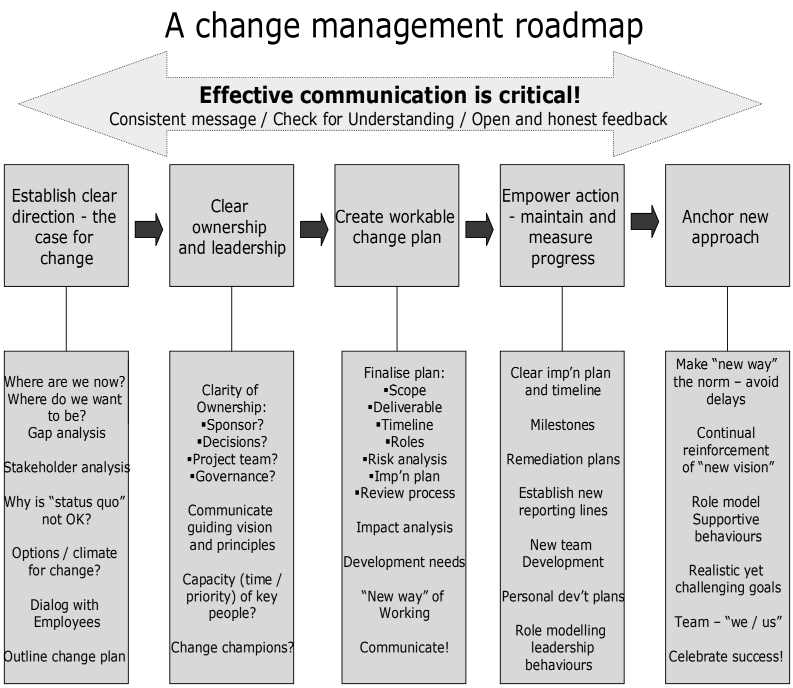


Leaders at all levels need to be aware that people respond differently to the change, and hence a different approach may be needed. For instance "change champions" may only need occasional encouragement and support, but people struggling with the changes are going to need much more time and effort invested to help them come to terms with the "new way".

Above all, leaders need to remember that people can never be "told to change" – this may appear to bring short-term benefit but invariably brings no lasting value, and in many cases leads to a worse situation than existed in the first place.

Only by guiding people and role modelling the kind of behaviours and culture needed can leaders make change work effectively.

Appendix A – A Change Management Roadmap



"We all have big chances in our lives that are more or less a second chance"
Harrison Ford

PEOPLE EMPOWERMENT: How to Guarantee Success in Improvement Initiatives

These days, nearly everyone knows about "empowerment." The idea of getting improved business results by empowering people isn't novel, or even controversial, anymore. And why should it be? There are lots of examples of successful companies and improvement programmes that would have only worked with an empowered workforce. People Empowerment is one of the best ways to involve employees in any improvement programme. To be successful, a People Empowerment process must recognise, congratulate, and reward employees for their commitment to a "problem solving and corrective action" way of doing business.

However, too often many organisations are very unsuccessful in implementing a People Empowerment programme.

Why? A variety of reasons:

- Everyone "thinks" they know about People Empowerment. However, do they truly understand the definition of People Empowerment and the subsequent actions required to implement it? Very simply, People Empowerment is the delegation of authority, accountability, and responsibility to employees for improving the business processes under their control **without** obtaining permission from management. Without internalising this definition, empowerment is bound to fail.

- Sometimes management really doesn't understand what it is getting into when starting the program. Then, they can't operate without a "command & control" structure. People are hindered or prevented from doing anything without getting permission or asking a higher authority.

- Expectations are so broad that people assume they have a "blank check" and can address and attack any issue and problem and run around like "loose cannons" trying to solve every business problem. Often, specific business improvement goals are lacking.

- Teams get bogged down in a "paralysis by analysis" mode without taking any actions or getting results. The problem is usually a lack of direction and leadership. Management sees no results and they equate this to a waste of time, and People Empowerment is deemed a failure.

- People and teams lack problem solving and interpersonal skills. They don't practice teamwork, can't get to the root causes of problems, and can't achieve consensus. The net result is they don't work together and don't solve problems.

The purpose of this article is to show how to prevent the above issues and answer 4 specific questions. They are:

1. What are the key elements & prerequisites required to empower people?
2. Once empowered, what should the people do?
3. What authority do they have?
4. Are their actions directly linked to the business objectives?

Your organisation's People Empowerment efforts don't have to turn sour, and your people don't have to be disappointed, frustrated, angry, or turned off. The keys to success are in some practical prerequisites listed below. Build them into the planning for your next improvement initiative. They will help guarantee success.

- **Communicate your vision.** Clear communication of the company vision, business objectives, direction, and expected benefits (to the customer, the company, and to the individual employees) is required. Telling people what to do without communicating "why" seldom generates significant results.

- **Lead with the feet and not with the lips.** Executive management must provide leadership, focus, and direction. Their commitment is to ensure resources (time, money, and energy) are available & allocated properly. And they must create a sense of urgency and high priority.

- **But, in the end, management must allow people to solve the business problems themselves.** People empower themselves; i.e. they take ownership of their processes and don't have to get permission to implement every incremental improvement idea. Management's role is to break the red tape, remove obstacles, and help avoid bureaucracy. Then they get out of the way!

- **Establish a new mindset.** A new attitude that *"everyone is a problem solver"* must replace the traditional one of *"workers work and managers* *think."* This requires a change in everyone's attitude toward honesty, openness, communication, and treating workers as adults. People need to be viewed as a talented resource for solving problems and making improvements.

- **Build interpersonal skills early.** Listening, communication, and team building skills must be taught to all the members of any action team. This needs to be done *before* discussing problems, attempting solutions, or leaping into actions.

- **An objective and non-judgmental climate must be created.** Team leaders must prepare members to discuss sensitive issues without personal attacks. There needs to be a minimal amount of rationalization, emotionalism, egos, anger, fear, politics, finger pointing, and defensiveness. Team members must learn to respect and listen to each other's ideas and opinions. The old brainstorming rule is particularly true. *No idea is without some merit.* People Empowerment without interpersonal skills is a waste of time.

- **Provide problem solving tools.** Problem solving tools must also be fully understood by *all* members of the action team. These include flowcharts, cause and effect diagrams, Pareto charts, control charts, run charts, brainstorming techniques, etc. Without these tools, the action teams will be unable to separate the symptoms from the root causes of the company's problems. Time must be allocated so the problem solving tools can be properly used to define the root causes of problems so that the same problems will not appear again and again and again. People Empowerment without problem solving skills is impossibility.

- **Form focused teams with effective leaders.** Form teams only after the potential leaders are educated and trained in facilitation skills. Picking a strong leader/facilitator will help guarantee action team success.

- **Staff appropriately.** Make sure the action teams include people that can actually solve the specific problem or identify opportunities for improvement. Whether cross functional or functional, the action teams must include people with a vested interest in solving the problem and improving the process. They should not include people who lack interest in improvement.

- **Focus on specific problems.** Avoid truisms, generalities, and broad statements of intent as goals for individual teams. "Making this a better company" may well be a fine goal, but is so non-specific that it cannot be engaged by an action team. If you want improvement, clear communication of where, what, why, and how is required. If you want inventory reduction, then state where and to what level. If you want reduced setup time, which machines and how much? And if you want synchronous production, which line or area? The leader/facilitator and/or management need to provide direction to help narrow the focus. Action team expectations, goals, objectives, and results should be clearly defined from the start.

- **Establish clear performance measurements.** This is management's handle on the process. Performance measurements motivate behaviour. Saying you want one thing, and measuring another sends mixed messages to the organization. "We want this, but your accountable for (i.e. measure on) that" is a sure way to guarantee no change or improvement.

- **Avoid "paralysis by analysis.** Once the root causes are discovered, there should be a sense of urgency to attack them with a vengeance and eliminate them. It is important to get into an actions and results mode to achieve measurable and tangible results in a maximum of 90 days.

- **Define the limits of the problem solving authority.** Can your teams make changes and spend money (up to a set amount) without management approval? If the limits of team authority are clearly defined up front, they should be able to solve most basic problems or make basic improvements without involving executive management.

- **Don't form a team to attack every problem.** The key is to get problems solved, make improvements, and achieve measurable operational results, not to have lot of action teams. Often, empowering and delegating authority to individuals will also achieve excellent results.

- **Keep the action teams small - eight to ten people maximum.** Small teams allow good participation, involvement, interaction, and communication.

- **Recognition is the cornerstone of People Empowerment.** Recognize, congratulate, promote people's efforts, and reward people for a job well done. Highlight specific accomplishments so that everyone throughout the company can see the business results. This process must be in place before you set up your action teams. Without recognition, people lose their motivation, enthusiasm, or commitment to solve problems and make improvements.

Build these prerequisites into your improvement and empowerment programs. To ensure your foundation remains strong, go back periodically and review them. "We've done it once" isn't enough to ensure ongoing improvement.

We've helped implement many successful People Empowerment processes. If you really want an empowered work force that can contribute to your organisation's World Class, Supply Chain Management, Manufacturing Excellence, Synchronous Flow, Continuous Improvement, and/or Class A MRP II objectives, do not even think about starting without honouring these principles.

Two ideas to think about - 'The Change Management Model' and 'The Dignity System of Customer Service and Igniting Quality in Your Business' plus other powerful business models and publications to help you be successful.

visit www.cavendish-mr.org.uk for comprehensive information**.**

"Motivation is always in direct proportion to the level of expectation."
Denis Waitley

EMPLOYEE COMMUNICATION
to Ignite Success in Business and Life Skills

This fact sheet gives introductory guidance. It:

- discusses the importance of good employee communication
- describes the basic elements and objectives of communication
- looks at various methods of communication
- considers how to develop an effective communication strategy
- describes the skills needed to perform the communication role
- includes the CIPD viewpoint.

The fact sheet looks at internal communication rather than external communication (for example, with customers, investors or other stakeholders) and its benefits.

Why communicate with employees?

Good two-way communication can help to build the psychological contract, in which employees feel 'valued' by their employer, and the employer values (and is seen to value) employees' contributions. Enhanced employee commitment should in turn feed into improved work performance, reduce staff turnover and make it easier to recruit good employees because the employer has a 'positive image'.This is so important in today's environment to keep your excellent people and train them on a continuous need to suit both parties. All ages of people are needed to work in all environments at the highest standards with having the 'right' attitude and respect for each other.

The Investors in People Standard puts a priority on communication – for example, managers must be able to 'describe how they involve people when developing the organisation's business plan and when agreeing team and individual objective's.

The two most important drivers of employee engagement identified by CIPD research are:

- having opportunities to feed upwards
- feeling well-informed about what is happening ion the organisation.

But in a study carried out in 2006, just 55 per cent of employees believed they were being kept informed about what their company was doing, and only 65 per cent felt that they were given enough information to do their jobs effectively. So clearly there is still a long way to go before internal communication in many organisations can be said to be effective. But how to go about it?

The basics

Mutual trust is very much a feature of the good psychological contract. Implicit in this is helping people to work together by means of shared information. So good communication is not simply about passing information down; it is also about ‘sharing’ information, ‘trusting’ people to interpret that information, and listening to what people say (and then, if necessary, acting upon what has been said or explaining why no action has been taken).

Implicit in this is that managers have a central role in any communications strategy; the good intentions of communication specialists can be ruined and mutual trust damaged by managers who do not pass messages on, who distort the messages they are entrusted with, or who do not provide feedback from what they have been told by their staff. This may imply training for managers at all levels in communication skills and ensuring that communication is seen as a core part of their jobs.

Communications also need to be linked to the business plan, with everyone in the process clear about their roles in making communication happen. Good communication is also about consistency: people are more likely to listen if there is a regular flow of information that they trust. The worst scenario is that only bad news is communicated.

Information needs to be delivered through a variety of channels because (for example) some people take more notice of messages delivered verbally, while others pay greater heed to written material. In any case, if something is important enough, it probably deserves to be said more than once, and in more than one way!

Objectives

According to a survey by the Work Foundation, the top four objectives that organisations are trying to achieve through their internal communication activities are:

- engaging employees in achieving business objectives (85% of respondents)
- understanding of organisational goals and strategy (81%)
- supporting culture change (52%)
- creating an environment of open dialogue across the organisation (50%).

The last is very important because it illustrates that nowadays communication is not simply top-down, as it might have been until the 1980s; today, the better organisations look for two-way communication. Communication is one of the major keys for success for the organisation and the individual.

Methods

There are many methods of communicating with employees. This section discusses them, starting with traditional top-down methods and moving on to those which are aimed at dialogue.

Throughout it should be remembered that audiences differ, and that different techniques may need to be used for different audiences. Organisational size is also important; communication is much easier in a single site establishment than in a multi-national organisation, especially where different languages and cultures are involved.

Developments in technology, notably web-based technologies, have increased the range of options in recent years. Intranet and email-based communications are probably now more important than traditional methods like printed newsletters. One of the benefits of electronic communication is immediacy, and (just as important) enabling immediate feedback. However, it needs to be remembered that in some organisations not all employees – for example, shop floor employees or drivers - will have access to email or an intranet.

- **Notice boards/bulletin boards**: Part of the furniture, and as such may be ignored. Can get scruffy unless regularly policed. Not for important announcements. Today there are also electronic bulletin boards, but again they may be ignored by some staff.

- **Newsletters/house magazines**: Regularly produced and may carry features on individual employees and events, as well as organisational news. Nowadays, they may be distributed electronically rather than printed. They can have a role to play in integrated communications policies, but are they read by everyone?

- **Letters**: Addressed to individual employees and perhaps sent to their home addresses, letters should be reserved for issues of major importance, but are more likely to be read than internal memos or emails. Personal addressed communications receives the best response that will deliver the 'bottom-line' benefits.

- **Video and in-house TV**: Potentially useful in larger organisations for introducing (for example) new products or policies, although expensive. However, badly-produced in-house videos gained a reputation in the 1980s and 90s as vehicles for management propaganda, so they should be used sparingly. In a few large organisations, in-house television is also used, delivered to employees' desk tops. But TV and video are mainly passive, not a dialogue. People are visually sophisticated, so the production needs to be good (excellent to get the best results).

- **Emails and intranets**: Messages via email can be targeted to particular groups and sent rapidly, but in some non-office environments not everyone has access to email, so other methods may be needed. Feedback facilities can be incorporated in intranets, so there is some opportunity for two-way communication. Employee attitude surveys (see below) may be conducted by email. Use colour and diagrams for the best results.

- **Presentations**: Presentations direct to the workforce by a senior manager can be powerful, although very dependent on the delivery skills of the individual. PowerPoint can add to the experience, but should not be overdone. Time should be allowed for questions and answers, but this is not full two-way communication; many employees may be nervous about having a full and frank public discussion with the boss.

- **Team briefings/group meetings**: Messages are delivered by local managers to established work groups. Here, communication can be face-to face and a proper dialogue is more possible. Nevertheless, there are dangers. If the same message is intended to be given by various managers, they may deliver it with different emphases, leading to misunderstandings. The scope for misunderstanding may increase where some of the workforce are not native English speakers. And there can be hidden expenses in terms of lost time.

- **Employee attitude surveys**: Employee attitude surveys are one way in which managements can find out about employees' views and concerns, though the right questions need to be asked (because the questions are devised by managers, they may not reflect what employees would like to be asked).

- **Focus groups**: Focus groups are a further way of achieving qualitative feedback.

- **Face-to-face with managers**: Individuals can express their views directly to line managers. Potentially a good method of two-way feedback, but manager's needs to understand the importance of upward transmission, and success may depend on how consistently they behave in this respect.

Effectiveness

The Work Foundation survey mentioned above found that the top three most effective communication channels, according to respondents, were team briefings (64 per cent), email (59 per cent) and intranet (38 per cent). In terms of the most effective channels for hearing staff views, 50 per cent mentioned feedback from team briefings, 43 per cent staff attitude surveys, and 38 per cent feedback to line managers.

Developing a communication strategy

No single method of communication works effectively, standing alone. Written messages, whether on paper or on screen, will be consistent but may not be read; oral messages may be misunderstood or misinterpreted. In most cases, and especially where messages are only communicated in writing (though intranets can permit some dialogue), opportunities for two-way communication are limited.

Thirteen points for an effective communication strategy

Effective communication is therefore complex. The following are suggested as starting points for a communication strategy:

1. Convince top management of the importance of communication.

2. Build alliances across the organisation to support initiatives.

3. Recognise that no single method will be effective.

4. Use a mix of approaches and use all available channels where relevant (written, face-to-face, web-based, moving images).

5. Target the form(s) of communication to the audience; for example, it may well be appropriate to use different methods for shop floor employees and senior managers.

6. Respect cultural diversity and vary approaches accordingly. This is particularly important in a multi-national context, but bears in mind the UK's cultural diversity as well.

7. Make sure that messages are consistent, over time and between audiences.

8. Ensure clarity of message and keep things as simple as possible. For example, in written communications use short, sharp sentences or phrases. Sometimes even without verbs.

9. Train managers in communication skills and ensure that they understand the importance of communication.

10. Seek wherever possible to develop and sustain two-way communication, dialogue and feedback.

11. Ask yourself whether employees feel that the culture of the organisation is such that they can say what they think without discomfort; and if they can't, think about how that culture can be changed.

12. Consider whether communication is built into the planning stages of all activities.

13. Review communication initiatives to check what has worked, what hasn't, and why.

Core competencies

Although the ability to write persuasively is important, communication is about much more than that. Core competencies for senior internal communication professionals include:

- Working knowledge of a wide range of business functions
- Ability to understand and translate strategy and link communication to business activities
- Ability to integrate media and develop and integrate communication plans
- Ability to benchmark with other organisations
- Networking, presenting and listening skills
- Working with others in designing and implementing programmes to improve the communication capability of managers and others
- General internal consultancy skills.

CIPD viewpoint

Some organisations entrust their internal communication to people with backgrounds in journalism or public relations, while others have specialist units which bring together personnel, PR and other disciplines. Multi-disciplined business people with successful track records are excellent in the communications with employees.

However, in many organisations the leading role in communication is taken by the personnel function; a survey in 2006 found that in 38 per cent of one hundred leading companies, the head of internal communication reported to the personnel director. The bringing of communication into the personnel fold is part of HR becoming a business partner and taking a more strategic role. Communication is very much about developing organisational culture, which should be a central role of the personnel function. Again, multi-disciplined business people with HR skills/experience coupled with other business success, deliver excellent results.

But wherever responsibility for internal communication is placed, personnel professionals will need to work with other functional specialists and general managers to make a success of it. Initiatives will fail unless there is full support from the top of the organisation. Success depends upon the existence of a consistent, clear strategy linked to the business plan, with clarity at the individual level about each person's role in making communication happen. Line managers are often at the centre of delivery, especially when it comes to verbal communication, and are responsible for much of the feedback which needs to take place to ensure effective two-way communication.

"Inspiration comes of working every day."

Charles Baudelaire

IT'S ABOUT RESULTS THAT KEEP EVERYONE HAPPY!
Part One

What's a business plan worth to you? How do you evaluate a plan? What makes a plan good or bad? We look at the basic premises, dispel some myths, and offer a new, practical, business-oriented way to look at the value of a plan.

As you start the planning process, begin with a general view of the entire project. Review your goals and consider your options.

A Business Plan is Worth the Results it Causes

About 35 years ago, I was having lunch with Professor James March, a business school professor whose class I'd enjoyed a few years earlier. I was then in my early 20s, making my living through business plan consulting in a Chartered Accountants practice. I had some successes. One of my plans was for a company that went from zero to more than £100 million of sales in four years. At the same time Apple Computer's Latin American group increased sales from £2 million to £27 million during the four years. I had some failures too, but we will mention those.

"So what is the value of a business plan?" Professor March asked at one point.

"Thousands of pounds," I answered. "Tens of thousands, in some cases."

"Wrong," he answered, to my shock. "Very wrong."

The value of a plan is the decisions it influences, he explained, and ultimately, how much money is in the bank as a result.

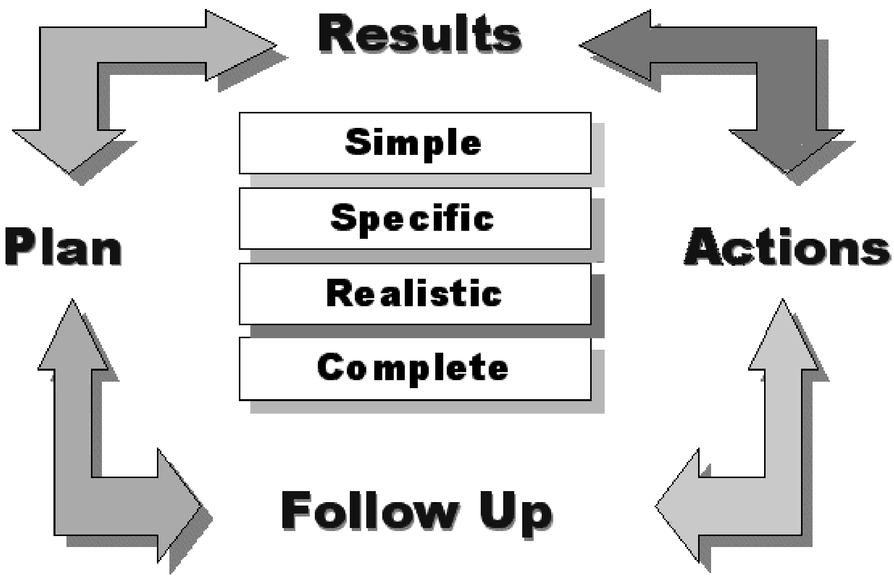
He was very right, although I was fairly smug about my successes and did not like his response. And the underlying lesson, as valid today as it was then, is vital to this book.

I have absorbed the idea into my work on business planning. Plans should be measured by results. No matter how well researched, beautifully written, or excellently presented, what really makes a difference is how it impacts the results of the business.

What Makes a Good Plan?

The following illustration shows a business plan as part of a process. You can think about the good or bad of a plan as the plan itself, measuring its value by its contents. There are some qualities in a plan that makes it more likely to create results, and these are important. However, it is even better to see the plan as part of the whole process of achieving results, because even a great plan is wasted if nobody follows it.

Planning is a Process, Not Just a Plan



A business plan will be hard to implement unless it is simple, specific, realistic and complete. Even if it is all these things, a good plan will need someone to follow up and check on it.

The plan depends on the 'human' elements around it, particularly the process of commitment and involvement, and the tracking and follow-up that comes afterward. I'm going to deal with those elements in coming chapters of this book. They are vital. But for now, let's look at the qualities that make the plan itself better or worse. Successful implementation starts with a good plan.

Successful Implementation Starts with a Good Plan

There are elements that will make a plan more likely to be successfully implemented. Some of the clues to implementation include:

1. Is the plan simple? Is it easy to understand and to act on? Does it communicate its contents easily and practically?

2. Is the plan specific? Are its objectives concrete and measurable? Does it include specific actions and activities, each with specific start and completion dates, specific person's responsible and specific budgets?

3. Is the plan realistic? Are the sales goals, expense budgets, and milestone dates realistic? Nothing stifles implementation like unrealistic goals.

4. Is the plan complete? Does it include all the necessary elements? Requirements of a business plan vary, depending on the context. There is no guarantee, however, that the plan will work if it doesn't cover the main bases.

Uses of Business Plans

Preparing a business plan is an organised, logical way to look at all of the important aspects of a business. First, decide what you will use the plan for, such as to:

- Define and fix objectives, and programs to achieve those objectives.
- Create Regular business reviews, and course corrections.
- Develop and establish a new business.
- Support a loan application
- Define agreements between partners.
- Set a value on a business for sale, or for legal purposes.
- Evaluate a new product line, promotion, or expansion.

No Time to Plan? A Common Misconception

"Not enough time for a plan," business people say. "I cannot plan. I'm too busy getting things done."

Too many businesses make business plans only when they have to. Unless a bank or investors want to look at a business plan, there isn't likely to be a plan written. The busier you are, the more you need to plan. If you are always putting out fires, you should build fire breaks or a sprinkler system. You can lose the whole forest for paying too much attention to the individual trees.

A good planning process should save time, day by day, month to month. It helps keeps businesses focused on what's most important. Maintaining priorities is efficient.

Review your plan vs. actual results regularly to save time by avoiding mistakes, maintaining progress towards goals, identifying problem areas, and watching the business for areas which need attention.

Keys to Building Better Plans

- Use a business plan to set concrete goals, responsibilities, and deadlines to guide your business.
- A good business plan assigns tasks to people or departments and sets milestones and deadlines for tracking implementation.
- A practical business plan includes ten parts implementation for every one part strategy.
- As part of the implementation of a business plan, it should provide a forum for regular review and course corrections.
- Good business plans are practical.

Business Plan "Do nots"

- Do not use a business plan simply to show how much you know about your business.
- Nobody reads a long-winded business plan: not bankers, not bosses, not venture capitalists. Years ago, people were favourably impressed by long plans. Today, nobody is interested in a business plan more than 45 pages long.

The Planning Process

As you develop that plan you need to get over the business hurdle, always remember that there is potentially much more value to planning than just the plan itself. Aside from the importance of overcoming the hurdle, it's the process around the plan that makes this such a valuable tool for business management.

The planning process includes bringing teams together to develop the plan, making firm commitments within the team, publishing a plan to cement those commitments, then tracking results and following up with plan vs. actual analysis and course corrections.

Professional planners realise that a good business plan is never done, and a good business plan is rarely if ever right. What makes a plan valuable is not as much the prediction of the future as the guideposts and milestones that keep objectives in mind as the future reveals itself and events are managed.

Control Your Destiny

The business planning process is about controlling your own destiny in a business sense. Set your long-term business goals and use a plan to break the journey from present to future into manageable concrete steps. Do not let the real world of phone calls and daily routines determine your future. Certainly, in the real world, there will be business problems and changes in economic environment, customers paying slower than expected, costs going up on one product, down on another. In business school they called the real world the 'RW', pronounced "are-dub." Use your business plan to make measured responses to the vagaries of the 'RW', instead of scattered reactions.

A good planning process helps a plan stand up to the real world. As each month closes, the plan absorbs plan vs. actual results. Each manager keeps track of milestones and budgets, and at the end of each month the actual results are compared to the plan. Managers look at the variance. They make adjustments. They review the performance of their peers. Changes are made in the plan — organised, rational changes — to accommodate changes in actual conditions. Managers are proud of their performance, and good performances are shared with all.

Summary

Business plans do not sell new business ideas to venture capitalists. Venture capitalists 'invest in 'people' and 'ideas', not plans. A business plan, though necessary, is only a way to present information.

Please remember that your plan is 'yours'. The content and outline are not dictated by your software. You can easily omit the company chapter, for example, in an internal plan, or the marketing or personnel chapters, for that matter. The choices are yours.

"The greatest composer does not sit down to work because he is inspired, but becomes inspired because he is working."
Ernest Newman

IT'S ABOUT RESULTS THAT KEEP EVERYONE HAPPY!
Part Two

Pick Your Plan

Make the contents of your plan match your purpose. Do not accept a standard outline just because it's there. There is a "classic" business plan that covers all the normal bases, and then there are strategic plans, operational plans, and annual plans … all of them business plans that match their specific business purpose.

You can find dozens of books on the subject, about as many websites, two or three serious software products, and courses in hundreds of business schools, adult education and continuing education schools, and community colleges. Although there are many variations on the theme, a lot of it is standard. Please visit www.cavendish-mr.org.uk for positive results to help you with 'your' success.

What is a Business Plan?

A business plan is any plan that enables a business to look ahead, allocate resources, focus on key points, and prepare for issues and opportunities. Business existed long before computers, spreadsheets, and detailed projections. So did business plans.

Unfortunately, people think of business plans first for starting a new business or applying for business loans. They are also vital for running a business, whether or not the business needs new loans or new investments. Businesses need plans to 'optimise' growth and development according to plans and priorities.

What is a Start-up Plan?

A simple start-up plan is a bare-bones plan that includes a summary, mission statement, keys to success, market analysis, and break-even analysis. This kind of plan is good for deciding whether or not to proceed with a full-blown plan, to tell if there is a business worth pursuing. However, it is not enough to run a business with. People are key, the 'right' people with the 'right' attitude and skills.

The "Standard" Business Plan

A standard business plan, one that follows the advice of business experts and is prepared for formal presentation to outsiders such as a bank, investors, or corporate managers, includes an expected and customary set of elements. It should start with an executive summary. It should describe the company, its background and history, what it sells, its market, its strategy, its management team, and its financial projections.

Your plan depends on your specific situation. For example, if you're developing a plan for internal use only, not for sending out to banks or investors, you may not need to include all the background details that you and everyone in your company already know. Description of the management team is very important for investors, while financial history is most important for banks. Make your plan match its business purpose. The correct information at all times.

What's Most Important in a Plan?

It depends on the case, but usually what's most important is the cash flow analysis and specific implementation details.

Cash flow is important because it is both vital to a company and hard to follow. Cash is usually misidentified as profits. They are, however, very different. Profits do not guarantee cash in the bank. Lots of profitable companies go under because of insufficient cash, due, for example, to having to wait for customers for pay invoices. It just isn't intuitive. Visit www.cavendish-mr.org.uk and read about the powerful and successful Master Class business model 'be paid on time' system, every time!

Implementation details are important because that's what makes things happen. Your brilliant strategies and beautifully formatted planning documents are just theory unless you assign responsibilities, with dates and budgets, and lots of following up and tracking of results. Business plans are really about getting results, and improving your company.

Are There Standard Steps to Completion?

I do not recommend developing the plan in the same order you present it as a finished document. For example, although the Executive Summary comes as the first section of a business plan, I recommend writing it after everything else is done. It will appear first, but you write it last.

This article, therefore, discusses the business plan in the recommended order you develop a plan, rather than the order of the document outline.

Is There a Standard Business Plan Outline?

No, there isn't. Every plan should be tailored to your needs. Do not include anything that does not help you do your business better. The purpose is not the document; it's the results of the document.

However, if and when you have a specific audience for a business plan, you should recognise what's standard in that audience's mind. Certainly banks, investors, academics, and seasoned business people have expectations that a business plan should meet. Yes, 'your' business plan should work as you predict.

The business plan outline explains in detail where the different tables and topics fall in a standard outline and where you can find the related discussions in this book.

A Standard Business Plan Outline

The table that starts on this page includes a standard business plan outline. Earlier I said that I do not recommend developing the plan in the same order you present it as a finished document. For example, although the Executive Summary obviously comes as the first section of a business plan, I recommend writing it after everything else is done. It will appear first, but you write it last.

This article, therefore, discusses the business plan in the order you develop a plan, not in the same order as the document outline. The following outline explains, in detail, where the different tables and topics fall in a standard outline.

Outline order and sequence in a standard business plan.	**Where the process is covered.**
1.0 Executive Summary 1.1 Objectives 1.2 Mission 1.3 Keys to Success	**Strategy and Tactics;** Strategy is Focus which helps you write the main summary. **Fundamentals: Initial Assessment.** talks about Objectives, Mission, and Keys to Success.
2.0 Company Summary 2.1 Company Ownership 2.2 Start-up Plan (for new companies) or Company History (for ongoing	**Tell your story: Describe your company:** covers the company text section in your business plan as well as the related tables, either the Start-up or the Past Performance table.

companies) 2.3 Company Locations and Facilities	
3.0 Products (or Services, or both) 3.1 Product and/or Service Description 3.2 Competitive Comparison 3.3 Sales Literature 3.4 Sourcing 3.5 Technology 3.6 Future Products	**This is in Tell your story**: What you Sell...

A Standard Business Plan Outline - 2

Outline order and sequence in a standard business plan.	**Where the process is covered.**
4.0 Market Analysis Summary 4.1 Market Segmentation 4.2 Target Market Segment Strategy 4.2.1 Market Needs 4.2.2 Market Trends 4.2.3 Market Growth	**This is covered in Gathering Information: Know your 'Market. Forecasting: Your Target Market:** also includes the market analysis table and chart.
4.3 Industry Analysis 4.3.1 Industry Participants 4.3.2 Distribution Patterns 4.3.3 Factors of Competition 4.3.4 Main Competitors	**This is all in Gathering Information:** The Business you are in.
5.0 Strategy and Implementation	**Much of this is covered in Strategy and**

Summary 5.1 Strategy Pyramids 5.2 Value Proposition 5.3 Competitive Edge 5.4 Marketing Strategy 5.4.1 Positioning Statement 5.4.2 Pricing Strategy 5.4.3 Promotion Strategy 5.4.4 Marketing Programs 5.5 Sales Strategy 5.5.1 Sales Forecast 5.5.2 Sales Programs 5.6 Strategic Alliances 5.7 Milestones	**Tactics:** Strategy is Focus. **Strategy and Tactics: Make it Real**, also covers the recommended Milestones table. **Implementation and plan vs. actual analysis comes up again in Strategy and Tactics:** Plan for Implementation. **The sales forecast topics and the forecast itself are discussed in Forecasting:** Forecast Your Sales
6.0 Management Summary 6.1 Organisational Structure 6.2 Management Team 6.3 Management Team Gaps 6.4 Personnel Plan	**Tell your story: Management Team:** covers this text and the Personnel Plan table

A Standard Business Plan Outline - 3

Outline order and sequence in a standard business plan.	**Where the process is covered.**
7.0 Financial Plan 7.1 Important Assumptions	**Financial Analysis: The Bottom - Line** covers the Profit and Loss and General Assumptions tables.

7.2 Key Financial Indicators	**Fundamentals; Initial Assessment:** includes the Break-even table as part of the Initial Assessment.
7.3 Break Even Analysis 7.4 Projected Profit and Loss	**Cash Flow and the Cash Flow table are discussed in Financial Analysis: Cash is King at all times:** The Balance Sheet table is covered in **Financial Analysis: About Business Numbers.**
7.5 Projected Cash Flow	**The Business Ratios table appears in Financial Analysis:** Finish the Financials
7.6 Projected Balance Sheet 7.7 Business Ratios 7.8 Long-term Plan	**Long-term plans are discussed in Strategy and Tactics:** Make it Real:

Form Follows Function

As we noted in **Fundaments: It's all about Results** business planning is about results. Make the contents of your plan match your purpose and adjust the outline to match your type of plan.

For example, if you are developing an internal plan for company use, you do not need to include a section about the company. If your plan focuses on existing products or services and is intended for internal use only, you may not even need to include the details about the products.

Another example that comes up frequently is the level of detail required in your market analysis. Business plans looking for investors need to have some convincing market data, but a plan for a small business, to be used mainly by a small group of people close to the company, may not need as much research. Is there an opportunity to improve the company and the plan by learning more about the market? If so, then do it. If not, it may be overkill.

Chapter 3: Initial Assessment

Start your business plan with a quick assessment. "Feasibility" is the formal term for it, although I prefer to think of it as finding out "is there a **there** there?" Even for an ongoing business, take the time to step away from the business and look at the basics. Do your business numbers make sense? Try to separate your feelings and identity for a while, and ask yourself about its core concepts.

Quick Count of Customers

What you need most in business are customers. Nothing else is more important. Whether they are individual consumers, families, businesses, government organisations, or whatever, a business needs customers. So ask yourself:

- Who needs or wants what this business offers?
- How much are they willing to pay for it?

Do not worry too much about the difference between wants and needs. We do not want to narrow businesses down to those based on needs, when in the real world wants are just as important as needs. Nobody needs perfume, stuffed mushrooms, or music, for example. Businesses do well supplying non-essential goods and services — as long as somebody is willing to pay for them.

And it does not always matter who pays for them, as long as somebody (or some organisation) does. Non-profit organisations normally do not charge money for all services. The free medical clinic, for example, can survive if segments of society — donors, government agencies, etc. — are willing to pay.

Developing Your Mission Statement

Use the mission statement to define your business concept. A company mission statement should define underlying goals (such as making a profit) and objectives in broad strategic terms, including what market is served and what benefits are offered.

Define the Pain Point

Define the pain point that drives your business. What customer issue, need, or want does your business address? This is a core concept you'll need to establish with a mission statement. Who is better off because your business exists, and why are they better off?

Sometimes this is obvious. A bakery supplies fresh bread. A car supplies transportation. A commercial jet takes people from one city to another.

Some pain points are less obvious. Does anybody really need hair colouring? Starbucks offers "affordable luxury." That's not an obvious need but it is an obvious want. Does anybody really need an extremely expensive automobile that carries only two people and goes three times faster than the law allows? No, but some people want that, and businesses that supply it do very well.

Here are some other examples:

- Some restaurants solve the issue of getting food cheaply, or fast. Some solve the issue of where people can go out together to celebrate an occasion with a good meal. Which one is likely to be at an airport? Do all restaurants have the same mission? Does the high-end restaurant solve an issue as much as it fills a need and supplies a want?

- A résumé writer solves a specific problem for specific people.

- A pickup truck solves one set of issues for one set of people, and a sports car solves another set of issues for a different set of people. The pickup truck does not have to take corners fast, and the sports car does not have to carry a lot of cargo.

What Business Are You In?

Ask yourself what business you are in, and do not narrow yourself down. One of the classic business examples is the railroads, which lost a chance to expand in the twentieth century because they misdefined themselves. They thought they were in the business of running trains on tracks. They did not understand they were in the business of transporting goods and people. When trucks, buses and highways grew, the railroads were left behind.

My company, Cavendish, is not in the business of software development. It is in the business of helping people do business plans by themselves, providing business know-how through software and documentation. The broader definition helps us understand what we're up to.

Customer Satisfaction

Leading experts in developing customer satisfaction look to a mission statement to define customer satisfaction goals. Developing customer care programs depends on spreading the idea and its importance within a company. That should normally start with a goal included in your mission statement.

Workplace Philosophy

Some mission statements also define internal goals, such as maintaining a creative work environment and building respect for diversity. Experts in employee relations look immediately to a mission statement for a definition of a company's stand on some of these fundamental issues.

Value-Based Marketing

Experts developed the value-based marketing framework to help companies understand their business better. This framework starts with a business value proposition, which states what benefits a business offers, to whom, and at what relative price level. For example:

- An automobile manufacturer offers reliable, safe automobiles for families at a relative price premium.
- A fast-food restaurant offers quick and consistent lunches at a low price.

Put it Together in a Simple Mission Statement

If you do not already have it, you should develop a useful mission statement and make it a foundation of long-term strategy. Make sure it addresses what the company offers to each of three important groups: customers, employees, and owners. Make sure it can last for years.

Keys to Success

Focusing on what I call "keys to success" is a good idea for getting a better view of the priorities in your business. Just about any business imaginable is going to depend a lot on three or four most important factors. In a retail business, for example, the classic joke is that the keys to success are "location, location, and location." In truth, that might be, for example, location, convenient parking, and low prices. A computer store's keys to success might be knowledgeable salespeople, major brands, and newspaper advertising.

Focus is very important, and the keys to success framework helps you develop focus. There is what I call a law of inverse focus. I can not prove it with detailed research but I've seen many times that, beyond three or four key items, the more items on a priority list, the less chance of implementation. Thinking about keys to success is a great way to focus on the main elements that make your business work.

Explore Sales and Costs

You also need to think about prices and costs. Ask yourself:

- How much will the customers pay?
- How many customers are there?

- How many will actually do business with me?
- How much will it cost me to deliver what each customer wants?

You do not need to answer these questions thoroughly or provide back-up research and documentation already — not yet, at least. That comes later as you develop the full business plan. What you do want is to have a good general idea of the answers before you proceed with a plan.

Do worry about cost compared to price. You do not need a detailed study at this point, but you do need to have a good idea. If the frozen dessert costs you £10 to make and you plan to sell it cheap in the summer at the beach, then maybe the business has an issue. You also have to cover wages and salaries, rent, and other fixed costs. Make sure there is an underlying business proposition.

You do not have to be the first of a kind, or the first in your market, to have a good business. Your community probably has lots of some kinds of businesses: restaurants, food stores, and clothing. Many different kinds of business are so common, and they do not all have to be first or unique. What you do need are customers.

Break-even Analysis

Some people find a simple break-even analysis is a good way to get a quick view of the underlying running expenses, pricing, and costs in a business. This doesn't have to be a carefully researched and detailed break-even at this point — that will come later as you develop a full plan. For initial assessment, a simple estimated break-even might still be useful.

The Break-even Analysis table calculates a break-even point based on fixed costs, variable costs per unit of sales, and revenue per unit of sales.

Make the following three simple assumptions:

• Average per-unit sales price (per-unit revenue):

The price that you charge per unit. Take into account sales discounts and special offers. For non-unit based businesses, make the per-unit revenue $1 and enter your costs as a percent of a dollar. Work this out in your own countries currency.

• Average per-unit cost:

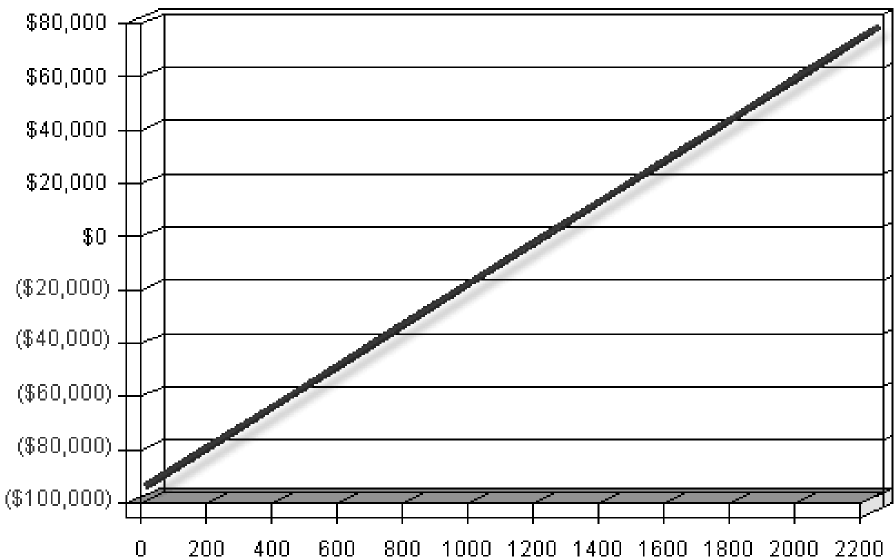
The incremental cost of each unit of sale. If you are using a Units-Based Sales Forecast table (for manufacturing and mixed business types), you can project unit costs from the Sales Forecast table. If you are using the basic Sales Forecast table for retail, service and distribution businesses, use a percentage estimate. For example, a retail store running a 50% margin would have a per-unit cost of .5, and per-unit revenue of 1.

• Monthly fixed costs:

Technically, a break-even analysis defines fixed costs as costs that would continue even if you went broke. Instead, you may want to use your regular running fixed costs, including payroll and normal expenses. This will give you a better insight on financial realities.

Break-even Analysis Chart

Break-even Chart



The Break-even chart shows that the company needs to sell about 1,200 units per month to break even.

This chart, based on the table example, shows that the company needs to sell approximately 1,200 units in order to cross the break-even line. This is a classic business chart that helps you consider your bottom-line financial realities. Can you sell enough to make your break-even volume?

Of course the break-even analysis depends on assumptions made for average per-unit revenue, average per-unit cost, and fixed costs. These are rarely exact assumptions.

Objectives

Objectives are business goals. Set your market share objectives, sales objectives, and profit objectives. Companies need to set objectives and plan to achieve them.

Make sure your objectives are concrete and measurable. Be specific, such as achieving a given level of sales or profits, a percentage of gross margin, a growth rate, or a market share. Do not use generalities like "being the best" or "growing rapidly."

Broad statements like "maximise customer satisfaction" are not serious business plan objectives, because they cannot really be measured. Much better objectives would set measurable goals, such as holding gross margin to 30 percent as a minimum or selling more than £5 million, or achieving ten percent profit on sales and ten percent return on equity.

If less tangible goals are critical to a plan, find a way to measure them. For example, if image and awareness are vital, then plan for statistically valid surveys to measure the improvements in image and awareness. You can also set goals for market share, and purchase research to measure the actual share. Or, if you want to focus on customer satisfaction, plan for a survey to quantify satisfaction or specify numerical objectives regarding returns or complaints.

Summary

At this point, you have started a plan.

If you are working on a plan for an existing business, then you have probably covered old ground. Your company already has customers, operates in a known market, and has lived through the evolution of sales and costs and expenses. Still, planning is an opportunity to take a new, fresh look at the business. Change is constant. Your business is changing and your market is changing, so the regular fresh looks are important. Never stop looking to improve your business plan for success.

If you are working on a plan for a new start-up business, you have taken important steps towards defining your business, your financial break-even point, and your total potential market.

- How does your business look from this viewpoint?

- Does it make sense?
- Can you make the sales you need to break even?
- Is the market big enough?
- Are your projections realistic?
- Can you bring together the keys to success?

Success is up to you in any currency and country - make sure you have a positive attitude and the skills to succeed with the 'right' people and 'right' customers. Success is in you!

"Challenge everything you do. Expand your thinking. Refocus your efforts. Rededicate yourself to your future."
Patricia Fripp

WHAT IS THE MARKET FORECAST?
and The Strategy Pyramid!

For 'Success' you need both a 'Strategy' and 'Market Forecast'

A market forecast is a core component of a market analysis. It projects the future numbers, characteristics, and trends in your target market. A standard analysis shows the projected number of potential customers divided into segments.

This example of a simple market forecast defines two target market segments and projects the potential customers in each of those segments by years, for five years.

Market Size Forecast

In the market forecast, the 'example' numbers indicate that there are 25,000 home offices included in the market, and that number is growing at an estimated five per cent per year. There are also 10,000 small businesses in the area, and that number is growing at five percent per year.

These numbers are estimates. Nobody really knows, but we all make educated guesses. The developers of the plan researched the market as well as they could and then estimated populations of target users in their area and the annual growth rates for each.

You can use your market forecast numbers to draw a chart of projected market growth, like the one shown here below. It offers a visual view of the market forecast.

Market Value

Normally you would also look at market value, not just market size. For example, although the high-end home segment is 2.5 times larger than the small business segment as measured by number of customers, the small business customer spends almost four times as much as the home office customer. Therefore, the small business market is a more important market in terms of dollar value.

The important numbers in this table are the average purchase per customer and the market value.

- Average purchase per customer is an educated guess based on experience. Sales managers got together to make the estimate. Although they would have liked some external source of information to use for this, there was none available. Notice that the home office customer tends to purchase much less overall than the small business customer.

- The market value is simple mathematics. Multiply the number of potential customers in the market by the average purchase per customer. In this case they took the average number of customers in each segment over the five-year forecast period, and multiplied that by the average purchase per customer, to calculate the market value.

The other items in this table are subjective qualities that help with marketing. The planners assign these points to people charged with preparing marketing materials.

Reality Checks

A market forecast should always be subject to a reality check. When you think you have a forecast, you need to find a way to check it for reality. In this case if the total market is worth some estimate, you could estimate sales of all the competitors and see if the two numbers relate to each other. In an international market, you might check production and import and export figures to see whether your estimates for annual shipments appear to be in the same general range as published figures. You might check with vendors who sold products to this market in some given year to see whether their results check with your forecast. You might look for macro-economic data to confirm the relative size of this market compared to other markets with similar characteristics.

Review Target Focus

The market analysis should lead to developing strategic market focus. That means selecting the key target markets. This is the critical foundation of strategy. We talk about it as segmentation and positioning.

Under normal circumstances, no company will attempt to address all the segments in a market. As you select target segments, think about the inherent market differences, keys to success, competitive advantage, and strengths and weaknesses of your company. You want to focus on the best market, but the best one is not necessarily the largest one or the one with the highest growth. It will be the one that matches your own company profile.

The Strategy Pyramid

The Strategy Pyramid places strategy at the top, supported by tactics in the middle, and programmes at the base. Strategy means nothing without tactics and programs to make it real.

This illustration shows a basic Strategy Pyramid for marketing plans.

The Strategy Pyramid emphasizes the practical importance of building a solid marketing plan structure. Most marketing plans are developed from the top-level strategy first.

Strategy, at the top of the pyramid, is a matter of focusing on specific markets, market needs, and product or service offerings. Tactics follow and set the marketing message and the way it should be transmitted. Programs, at the base of the pyramid, provide the specifics of implementation. Programs include specific milestone dates, expense budgets, and projected sales results.

The Pyramid and Strategic Alignment

Strategic alignment is essentially matching up your strategy to your tactics and specific programs, or business activities. The strategy pyramid is a visual tool to help you act on what your plan says you're going to accomplish.

Strategic alignment sounds simple: bring your activities and spending into logical harmony with your strategy. However, things frequently go wrong. It's easy to think strategically for a while, and hard to consistently implement all the time. For example, blue-sky strategy is easier than day-to-day implementation.

- Your key management team has gone away from the office for a day or two to develop strategy. Most groups enjoy that, and most are good at it too. They enjoy the experience and are excited about their accomplishments.

- They return to the office. The phone's ringing, emails have gone unanswered, problems come up, and opportunities appear. Are they still implementing strategy or do they forget it as soon as they restart the routine?

As you develop your strategy with the pyramid, you design the tactics and implementation programs you'll need to make it real. You develop those specific programs within your milestones so you can track implementation by assigning each program to a manager, with a budget, and milestone dates.

It is important to track and measure the expense of the programs for each tactic. Does the emphasis in spending match the emphasis in strategy? If your emphasis is on one tactic, are you spending to match? This process increases the likelihood of implementation.

The next illustrations show an expenses chart broken into the tactics of the pyramids, and a partial spreadsheet table of the chart. Managers assigned their budgets to the various program activities to assign the three tactics.

People do what they like to do. Often they twist their job descriptions around to do what they like doing. This isn't a bad thing, really, because people are good at what they like; however, it can foil your efforts to create and implement strategy. Use milestones, with dates, budgets, and manager responsibilities, to make sure your daily activities follow your strategic guidelines.

Unfortunately strategic alignment isn't easy. Companies frequently talk about one strategy and implement another. For example, in the middle 1980s Apple Computer's strategy was focused on developing desktop publishing as a competitive advantage. The Macintosh was the first computer to integrate laser printing and page layout at popular prices, and Apple had a huge advantage. However, it took several years to make people understand what desktop publishing was, and by the time the message was clear Apple's managers were tired of it. So while the strategy was desktop publishing the managers focused on multimedia and personal digital assistants instead. Budgeted marketing activities didn't focus nearly as much on desktop publishing as the strategy dictated.

That was a lack of strategic alignment that failed to support and implement the desired strategy.

Therefore, make sure 'Strategy' comes first and then the 'Market Forecast' will be successful!

"The thoughts we choose to think are the tools we use to paint the canvas of our lives."
Louise Hay

STRATEGY IMPLEMENTATION AND REALISATION

Systems and processes for successful implementation of organisational strategy and business development plans. To road map to success for now and the future.

Despite the experience of many organisations, it is possible to turn strategies and plans into 'individual' actions, necessary to produce a great business performance. But it's not easy. Many companies repeatedly fail to truly 'motivate' their people to work with enthusiasm, all together, towards the corporate aims. Most companies and organisations know their businesses, and the strategies required for success. However many corporations - especially large ones - struggle to translate the theory into action plans that will enable the strategy to be successfully implemented and sustained. Here are some leading edge methods for effective strategic corporate implementation that fit all sizes of organisations for success. These advanced principles of strategy realisation are provided by the very impressive Farsight Leadership organisations, and this contribution is gratefully acknowledged. Take on board the 'Enterprise Business Model' to help you become more successful. Comprehensive details on www.cavendish-mr.org.uk

Most companies have strategies, but according to recent studies, between 70% and 90% of organisations that have formulated strategies fail to execute them.

A Fortune Magazine study has shown that 7 out of 10 CEOs who fail, do so not because of bad strategy, but because of bad execution.

In another study of Times 1000 companies, 80% of directors said they had the right strategies but only 14% thought they were implementing them well.

Only 1 in 3 companies, in their own assessment, were achieving significant strategic success.

The message clear - effective strategy realisation is key for achieving strategic success. Read on and see how you can use these tips for your success.

Strategy realisation essential elements

1. Motivational leadership - concentrates on achieving sustained performance through personal growth, values-based leadership and planning that recognises human dynamics.

2. Turning strategy into action - entails a phased approach, linking identified performance factors with strategic initiatives and projects designed to develop and optimise departmental and individual activities.

3. Performance management - involving the construction of organizational processes and capabilities necessary to achieve performance through people delivering results.

1 - Motivational leadership

Real leadership is required to compete effectively and deliver growth. People look to leaders to bring meaning, to make sense of the seemingly unquenchable demand for results and the need for individuals to find purpose and value. Leadership is the common thread which runs through the entire process of translating strategy into results and is the key to engaging the hearts and minds of your people. Whether you are distilling strategy to achieve clarity of intent, engaging your people to drive the strategy into action process or performance managing the resulting actions, effective leadership will make the difference.

2 - Strategy into action

'Strategy into Action' planning is a phased approach charting a course through performance factors, linking strategic thrusts to project, departmental and individual activity. The ultimate goal is to enable organisations to effectively translate strategic intent all the way through to results in a clear and powerful process.

The real need is to creatively and systematically unfold the strategy, bring it to life by creating integrated action plans across an organisation that ensure all functions and divisions are aligned behind it.

There are three distinct phases, identified and demonstrated by the questions listed:

Distil business strategy to achieve clarity of intent

- What is the intent behind the strategy?

- What does it mean for each operational unit within the organisation?

Developing the strategic thrusts and broad based action plans

- What are the few important themes that need to be worked on to deliver the intent?
- What are the sub-themes and projects?
- What will success look like and how will it be measured?

Cascading out detailed work plans

- How will the projects be led and resourced?
- Who will be responsible for each task?
- Are individual work plans aligned?
- What is the review process?

By following this process you and your team - directors, managers, and team members - can map how to deliver your vision; your strategic plan.

Involving the 'right' people is essential to making the right decisions on priorities, and to creating action plans that are clear and aligned.

The objective is for everyone in the organisation to understand the strategy and specifically how what they are doing will contribute to overall delivery.

3 - Performance management

Too often great plans stay as 'plans'. Typically, the energy and enthusiasm generated during the planning process quickly ebbs away, swamped by the weight of day to day operational issues.

The organisation and its people gravitate to fire-fighting and reactive task scheduling, instead of planning proactively to deliver the new strategic plan.

To make the strategy 'live' everyone in the organisation needs to be engaged to take action, which means:

- Communicating the strategic intent, thrusts and action plans
- Using rigorous project management principles to deliver the change agenda

- Setting individual targets and work plans aligned to the strategic priorities

- Consistently measuring progress, assessing and giving feedback about performance

Performance management is a key factor in getting the whole organisation aligned and mobilised to reach higher and work collaboratively together to deliver results. Increasingly performance management is enabled using IT systems. FarsightPlus is an example of an excellent new performance management IT system, which has a pivotal influence on the success of strategy realisation.

The characteristics of an effective performance management system are:

- it must communicate strategy

- it must measure performance in real time, and

- it must offer an integrated project management capability, and

- it must acknowledge and enable emotional contracting with all staff, which is so vital for linking individual commitment and activity to the attainment of organizational plans.

This emotional contracting element is commonly overlooked by organisations, and then they wonder why the people have 'failed' to do what the organisation expected and asked them to do.

Emotional contracting (also referred to as 'the psychological contract') is the crucial and powerful link between the organisational intent, and the motivations, values and aspirations of the people.

A good IT-based performance management system must enable effective processes and organisational capabilities to be put in place to create the transparency and accountability needed to drive performance on a sustained basis.

How effective is your strategy realisation?

There are simple ways to judge whether your strategy realisation process is working:

Obviously look for business results and progress on the delivery of targets and **KPI's** (Key Performance Indicators).

You need also to look for signs that your people have really got the message and have taken it to heart.

A well known story illustrates the point:

A group of US Senators were visiting NASA at the time when funding was under threat. One Senator asked a man cleaning the floor "So what are you doing here?" The man answered, "I'm here putting a man on the Moon!"

How closely do your people identify and associate their own roles with your organisational purpose?

Do your people really know what your aims are, and if so do they see and agree with how they fit into the scheme?

Sadly in many organisations the vast majority of staff do not understand the aims, let alone see themselves as an integral part of the effort.

Strategy realisation will not happen without the people being an enthusiastic part of the effort. All too easy to say; another thing entirely to make happen.

The 'Man on the Moon' statement is a real benchmark of the process quality for turning any strategy into action - whether for a team, a department or a corporation.

Every single person must know what they are doing, why they are doing it, and above all, must be fully committed to doing what they are doing.

If your methods enable every single person to know what they are doing, and why, and to be emotionally committed to it, then the process of turning strategy into action is probably working.

Ask yourself some of these questions and you will begin to see how to make your own strategies happen.

Turning theory into practice; making things happen; translating strategic plans into real business results: these management challenges are often the greatest faced today by organisations of all sizes.

"You make a living by what you get. You make a life by what you give."

Winston Churchill

RETURN ON INVESTMENT’

As today’s economic downturn cuts deeper into ‘Information Technology’ budgets, CIO’s often have to justify investment initiatives like a ‘Content Management System’.

While it may be somewhat challenging to put a price on information architecture, having the ability to quickly publish multilingual content, or being able to rapidly and accurately keep your web properties on an up-to-date level are important tangibles that contribute to a return on investment. It has also been proven in studies that once returns or gains are seen from the use of a CMS that shareholder value can be greatly increased.

Companies and organisations today should be spending 75% of their content-related budgets on content management, and 25% on content creation. Unfortunately however, the opposite is usually the case. Content contributors often experience numerous time-drains such as: writing HTML, converting to ASP or XML, changing out images, talking to the Web shop, and generally making sure everything works. Far too much money is lost this way. Their time would spend vastly better if a talented staff could spend their time working on developing content and marketing to their audience. Automating tasks and separating data from display can create efficiency. Having speedy approvals, eliminating technologists or IT staff from the site update process, creating content only once and publishing many times, are all immensely measurable cost-savers.

According to research conducted by the UK firm Dynamic Markets, 40% of companies would require one person for up to three months full-time to structurally alter a single web site. Another 40% were unsure about the scale of the task that is required to develop the site content and keep it consistent. At least 20% suggested the assignment would be anything between four month’s work and a full-time job. Ironically only 21% of companies automated their web site changes or implemented various technologies to replicate corporate changes at a local level.

Having a comprehensive, web-based customer support system will often result in rapid and tangible changes. With many companies paying in excess of £8/call and £6/e-mail, serving just 10 customers a day via the web site—rather than engaging a support person, live—can cover much of the cost of implementing a system. One can multiply these savings for multi-lingual call centres.

There are also situations that arise in which a CMS will provide huge savings. For example, collecting on an insurance policy. Even if such an event should occur but once during a systems lifetime, once is enough. What if your company was to confront a lawsuit, and you need to rapidly re-construct what your web sites said on a given day?

A strong CMS will cover your liability. Another possibility that now concerns many companies is disaster recovery. In the post-9/11 era, the expensive question becomes can you re-publish your web site (s) to another server in a matter of moments, or will it take a while? Once again, a strong CMS will make sure this happens.

In order to calculate the savings and projected costs of implementing a CMS, a company must first add up the hard pounds they will see in:

- · Increased sales
- · Accelerated time to market
- · Process efficiencies
- · Reduced web production costs
- · Reduced human errors

A simple mathematical equation can calculate a Return on Investment for implementing a Content Management System.

Return on Investment (ROI) = (costs saved from system use) – (cost of installing a system + cost of maintaining a system). Divide by time, to get the time to ROI.

For example, if an organisation can save £10,000/month from using a system and the system costs £40,000 to install and train staff, and £4,000 a month to manage and support, a one-year calculation looks like this:

(£10,000 x 12) – (£40,000) + (£4,000 x 12) = £32,000 returned from investment in one year.

To calculate speed of return (in other words, "how long does it take this system to pay for itself?"), calculate the percentage of the year required to "pay off the system" and multiply it by 12 months. In this case:

(£88,000/£120,000) x 12 months = 8.8 months, until the system paid for itself

What if this company selected a mid-range solution with higher implementation costs (say, £180,000 for software and licensing)? The system will still pay for itself financially in about two years.

The truth of the matter is simple—the 'Return on Investment' will easily justify implementing a 'Content Management System'. ROI is measured in actual, hard pounds, tangible, calculable cost and time saving for a business or organisation. When presented with these factors, a CMS is not only feasible, it is advisable.

Other examples of Return on Investment

COST SAVINGS PROJECTIONS
Use the table below to calculate your projected savings:

Total Projected Savings	£1,600,000		

Computational Line Items	Values & Parameters		Notes & Comments
Number of Employees.	1,000		Enter number of employees at your facility.
Average number of filing (in inches) maintained by each employee.	125		
Total number (in inches) of files to be considered.	125,000		
Average number of documents (in inches) filed per cabinet.	100		
Total number of cabinets required storing all files.	1,250		
Square feet per cabinet.	10		
Total square feet required storing all	12,500		

files.		
Estimated reduction percent.	80%	Low - 33% , High - 80%
Number of cabinets eliminated.	1,000	
Number of square feet eliminated.	10,000	
Pounds cost per square foot.	£25	
Cost Savings (of saved space)	£250,000	
Cabinets maintained per person	25	
Reduction in Staff (for eliminated cabinets)	40	
Salary per person	£30,000	
Salary Savings	£1,200,000	
Total Cartons Maintained	100,000	Enter number of cartons archived at your facility.
Percent Reduction	50%	
Reduced cartons	50,000	
Storage Costs per year per carton	£3	
Reduced cartons savings	£150,000	

Cost Justification

For one to calculate cost savings on a document and records management project, it is important to look at both hard and soft savings. To simply view one without the other causes a one-sided justification, thereby prohibiting a total overview of the whole savings strategy.

Identifying the objective, that senior management expects, will be the guideline in determining how to best present benefits and savings. Identify all areas having potential benefits and demonstrate those benefits. This is what should formulate a Mission Statement.

In basic problem solving, however, all the aspects of the problem need a broadened view. One of the tasks involved then would be to include an evaluation of the risks involved in addressing only partial elements of the problem. To do this, know what to look for in developing the business case. Some content elements to look for are:

- Locating and sharing files
- Tracking
- Storage
- Productivity
- Disaster Recovery Planning

Some productivity elements to look for are:

- A means to classify by subject (how everyone looks for information)
- Controlling all media seamlessly
- Integrating various systems and office suites
- Ability to view documents easily
- Ease of launching applications

There are certain aspects that need to be identified. These include:

- The business process
- Scope

- Tactical vs. strategic timing

Some of the typical challenges preparing the business case are:

- Controlling document creation and maintenance
- Grouping like documents together
- User training

Do not miss identifying document redundancies, identifying the types of documents on different media, and locating vital records. These all have potential benefits that, when the solution is calculated, should show potential cost savings.

The hard savings calculations would include:

- Reducing cost of equipment, such as filing cabinets
- Reducing cost of supplies, such as paper by reducing paper files printed and stored
- Reducing cost of labour to service the filing of paper in cabinets, and in the search and retrieval of information

Soft savings calculations would consist of:

- Floor space saved by the reduction of file cabinets needed to store documents
- Time saved by reduction of filing information
- Productivity increased with an effective storage and retrieval system that contains an efficient search technology

The risk in not having a records management system that controls records in accordance with legal compliance is an information liability and will manifest itself if there is a litigation or audit. Therefore, complete retention policy management is also a savings benefit.

Even though reducing operating costs and improving access to records are the expected benefits; one must show substantial, additional benefits by exhibiting the whole picture. In this way, management can digest the fact that there are only two costs involved: The cost of preventing risk and the cost of experiencing the risk.

"You never achieve real success unless you like what you are doing"

Dale Carnegie

‘COACHING’
Helps you increase the ‘bottom-line’!

Take time out and read this piece and ‘Learn and be successful’.

This fact sheet gives introductory guidance. It:

- explains the popularity of coaching
- discusses who is receiving and delivering coaching
- provides an overview of the stakeholders
- discusses when coaching is, and is not, an appropriate development intervention
- provides an overview of the coaching industry
- explains the important role HR plays in overseeing and managing an organisation’s coaching activities
- includes the Chartered Institute of Personnel and Development (CIPD) viewpoint and definition of coaching.

Coaching is a rapidly growing form of training. In a CIPD survey the use of coaching is widespread in UK organisations, with almost nine in ten respondents reporting that they now use coaching in their organisation (88%). Results also suggest that the main reasons organisations are using coaching is to ‘improve’ individual performance, deal with underperformance and improve productivity.

Although coaching has become a very widespread development tool, there are issues about how best to manage and deliver coaching in an organisational setting. These include confusion over exactly what coaching is, how best to manage the stakeholders in coaching, when coaching is, and is not, an appropriate intervention and how to navigate the complex coaching industry. These will all affect the impact of coaching. This fact sheet will introduce some of the issues and provide some initial basic guidance about how to tackle them.

What is coaching?

The term 'coaching' has come to mean many different activities. Early use in the business world often carried a remedial connotation - people were coached because they were underperforming or their behaviour was unsatisfactory. Now coaching is more usually seen as a means of 'developing' people within an organisation in order that they perform more effectively and reach their potential.

Confusion exists about what exactly coaching is, and how it differs from other 'helping behaviours' such as counselling and mentoring. Although there is a lack of agreement amongst coaching professionals about precise definitions, there are some core characteristics of coaching activities that are generally agreed:

- Coaching is a fairly short-term activity.
- It consists of one-to-one developmental discussions.
- It provides people with feedback on both their strengths and weaknesses.
- It is aimed at specific issues/areas.
- It is time-bounded.
- It focuses on improving performance and developing/enhancing individuals skills.
- It is used to address a wide range of issues.
- Coaching activities have both organisational and individual goals.
- It works on the belief that clients are 'self-aware' and do not require a clinical intervention.
- It focuses on current and future performance/behaviour.
- It is a 'skilled' activity.
- Personal issues may be discussed but the emphasis is on performance at work.

CIPD definition of coaching

Broadly speaking, the CIPD defines coaching as 'developing a person's skills and knowledge so that their job performance improves, hopefully leading to the achievement of organisational objectives. It targets high performance and improvement at work, although it may also have an impact on an individual's private life. It usually lasts for a short period and focuses on specific skills and goals.'

Adding to the confusion are the many different types or 'sub-brands' of coaching - executive coaching, performance coaching, skills coaching, developmental coaching, career coaching.

Coaching tools, techniques and models

Coaches use a variety of tools and techniques from a wide range of theoretical backgrounds, including organisational theory, occupational psychology, psychometrics, learning and counselling. These will be used in different situations and with different clients depending on the client's exact needs. Common tools, models and techniques used in coaching include Kolb's learning cycle, the GROW model, 360 degree feedback, psychometric instruments, goal setting and emotional intelligence models. HR practitioners should not be daunted by the number of different models, frameworks or techniques available. Coaches should use tools that are 'fit for purpose' to encourage self-awareness, reflective learning and change - the simplest tools/techniques are often the most effective. A skilled and experienced coach is more of a person who has also experienced business life in the fast-lane and who is successful.

Why has coaching become so popular?

Factors include:

- **A rapidly evolving business environment.** Targeted development interventions have become popular in helping individuals adjust to workplace changes.

- **The structural features of modern organisations.** Organisational downsizing and flatter structures mean that newly promoted individuals often have to 'quickly' fit into the higher performance requirements of their new roles. Coaching can support individuals achieving these changes.

- **The need for targeted, individualised, just-in-time development.** The development needs of individuals can be diverse and in smaller organisations there are often too few individuals with specific development needs to warrant the design of a formal training programme. Coaching offers a flexible, option, which can be delivered 'just-in-time' to strengthen under-developed skills.

- **Financial costs of the poor performance of senior managers.** There is a growing acceptance of the costs associated with poorly performing senior managers/executives. Coaching provides an opportunity to undertake pre-emptive and proactive interventions to improve their performance.

- **Improved decision-making by senior employees.** For senior level executives it can be 'lonely at the top' as they have few people they can confide in, develop ideas and discuss decisions and concerns. A coach can be used as a 'safe and objective haven' to discuss issues and provide support.

- **Individual responsibility for development.** There is an increasing trend for individuals to take greater responsibility for their personal and professional development. Coaching can help individuals identify development needs, plan development activities and support personal problem-solving.

- **Support for other learning and development activities.** Coaching provides a valuable way of providing ongoing support for personal development plans, especially in assisting the transfer of learning in the workplace.

- **A popular development mechanism.** People enjoy participating in coaching as they get direct one-to-one assistance and attention that fits in with their own timeframes and schedules. There is the potential to see quick results. But, use an experienced and skilled person as your coach.

Who receives and delivers coaching in UK organisations?

Coaching services are being delivered by a diverse group of individuals and organisations including trained external coaches, specialist internal coaches, line managers, peers, members of the HR department, and so on. Findings from the *Training and development 2006* survey shows that line managers are the most likely group to deliver coaching, with a third of respondents reporting that this group delivers 'a majority' of coaching, and a further quarter saying they are responsible for delivering 'half' of the coaching activities. Conversely, over 40%

of respondents never use external coaches for their activities and those who do use them tend to use them only for a minority of the coaching that takes place.

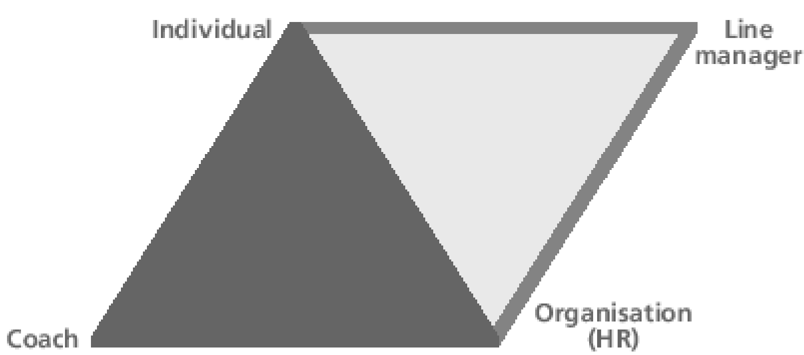
Coaching tends to involve a variety of internal and external practitioners, perhaps depending on the seniority of the individual or the specific needs of different employee groups. External coaches, when used, tend to be used for a minority of coaching activities in an organisation. This possibly reflects the cost of using them and may mean that their use is reserved for senior-level or high-potential employees.

The *Training and development 2006* survey also found that the most common recipients of coaching were junior and middle managers (64%). A significant proportion of respondents reported that their senior managers (52%) and directors (37%) received coaching, but coaching appears to be being used for the development of staff at many levels of the organisation.

Stakeholders in coaching

The primary relationship in any coaching activity is between the coach and the individual, but this is not the only important relationship. Other key stakeholders include the person representing the organisation's interests - most frequently an HR practitioner and the individual's manager. Both of these parties are interested in improving the individual's performance and therefore their contribution to the organisation.

The four-cornered contract



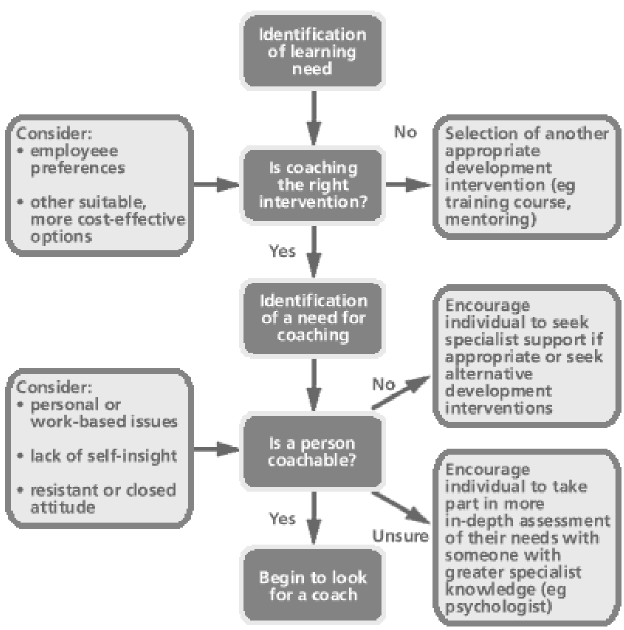
In situations where the manager is the coach, the other stakeholders are depicted by the central triangle of relationships. It is very important to establish guidelines on confidentiality and information flow early on to develop trust between the individual and coach, and the other multiple stakeholders.

When is it appropriate to use coaching as a development tool?

The first step will be the identification of some kind of learning or development needs, either by the individual themselves, their line manager or some one from the HR department. Once this has been identified, the next step is for the manager and the individual to decide how best the need can be met.

Coaching is just one of a range of training and development interventions that organisations can use to meet the learning and development needs. Its merits should be considered alongside other types of development interventions, such as training courses, mentoring or on-the-job training. Employee preferences should also be borne in mind. There is a danger that coaching can be seen as a solution for all kinds of development needs. It is important that coaching is only used when it is genuinely seen as the best way of helping an individual learn and develop.

Decision tree: is coaching an appropriate intervention?



Some examples of situations where coaching is a suitable development tool include:

- helping competent technical experts develop better interpersonal or managerial skills
- developing an individual's potential and providing career support
- developing a more strategic perspective after a promotion to a more senior role
- handling conflict situations so that they are resolved effectively.

Assessing individual readiness for coaching

There are some individuals who may not respond well to coaching. This may be that their issues (problems) are best dealt with by another type of intervention, or it may be because their 'attitude' may interfere with the effectiveness of coaching. So before coaching is begun, organisations need to assess an individual's 'readiness'. Some examples of situations when coaching is not an appropriate intervention are if the individual has psychological problems, they are resistant to coaching, they have a common development need or they lack self-insight.

The UK coaching industry and the common problems for HR in navigating it

Research has suggested that there were at least 10,000 professional coaches working for businesses in the US fifteen years ago, with estimates that this figure would exceed 50,000 in 2007. Many commentators expect a similar picture to emerge in the UK over the next five years.

Coaching services are being delivered by a diverse group of individuals and organisations with very varied backgrounds. These include:

- sports coaches
- occupational psychologists
- counsellors
- experienced business professionals

- clinical psychologists
- HR or training professionals.

Naturally, these different 'types' of coaches all bring with them very different skills and this is where opinion begins to diverge on which skills, qualities and experience coaches should have. There are a growing number of professionals who have reinvented themselves as business coaches and, without any further training, now operate as full-time coaches, so quality can be an issue. Many companies are now realising that a more discriminating approach is needed to sort the higher-quality coaching professionals from the rest. Coaches need to be skilled and experienced persons who have been successful in their careers and provide the solutions that they have experienced themselves.

The role of HR in managing coaching activities

The HR department has a central role to play in designing and managing coaching within an organisation. The quality of coaching and the results it delivers depend hugely on choosing appropriate coaches (line managers, internal or external coaches etc), managing relationships and evaluating success. HR practitioners need to understand when coaching is an appropriate and effective intervention in relation to other learning and development options. They need to be clear about what the different types of coaching and diagnostic tools/models are, and when each is appropriate. They need to understand how to select appropriately qualified coaches and then match them to both the organisational culture and to the needs of particular individuals. Finally, HR practitioners hold the responsibility for setting up contractual arrangements, as well as developing mechanisms to evaluate the effectiveness of the coaching activities.

CIPD viewpoint

Coaching is now a widespread development tool, being used by organisations across the UK. However, as it is a relatively new area there is still a lack of understanding about how best to use coaching and in what specific situations it will be most effective. Coaching refers to many different activities from a line manager coaching one of their team members, to a chief executive receiving advice and guidance from an external professional about their role as leader of an organisation. It is important that the HR department understands when each type of coaching is appropriate and make sure that all parties are fully equipped for their role in the coaching, whether it is as a participant, as a line manager of a participant or as the coach itself.

The coaching industry itself is very young, and because of this there is a lack of established standards, professional bodies and qualification frameworks. HR professionals need to ensure they have a good understanding of the coaching industry when advising their organisations about whether or not they should introduce coaching to the organisation. HR has a key role to play in pushing for higher standards in the coaching industry. By exerting pressure regarding minimum expected standards, qualifications and outcomes, they can 'raise the bar' in terms of standards across the industry.

Professional Multi-disciplined, skilled and experienced business people, who have been successful in their careers, generally bring higher standards to the coaching industry and the individual who needs to be coached.

"It only takes one person to change your life--you."

Ruth Casey

WINNING WAYS FOR IMPROVING PROFITABILITY

Two ways to increase your profit

1. Gain new "profitable" business.

2. Reduce the costs of existing business.

We all know it's not as simple as that, but in a nutshell these are the only ways to grow profit.
The above two "obvious" methods of growing your business and increasing your profits are rarely seen in tandem.

Most companies throw vast resources into securing new business, and then throw yet more resources into servicing that newly acquired customer; the profitability of this activity is rarely questioned.

How much more profitable could there be?

The answer, in 90% of cases is as simple as the question itself, the fact is that by paying as much attention to your expenditure as you do to your income, your bottom line can be vastly improved. You can:

- Improve your cash flow.

- Reduce the need to seek finance.

- Gain a competitive edge with sustainable margins.

- Forge strong relationships with suppliers based on mutual respect.

- Improve organisation-wide motivation and confidence in leadership.

The issues faced by all sized business in the world today are twofold:

- What measures do I need to focus on to increase my company's profit?

- How do I find the time, or personnel to realise these benefits?

The bigger issue of actually running your company often gets in the way of finding any solution to these two issues, and those minor areas that could reap significant profitability benefits are often not focused on.

The first step is often accurate reporting on the current business position through the provision of management information, and management accounting systems.

What are the most important focus areas for increasing your business profit?

- Accurate management information must be available at all times, in the form of comprehensive management accounts and a realistic, professional business plan.

- An audit of your business expenditure over the last 12 months can often reveal areas for considerable savings.

- Make sure you are in total control of your waste, many companies can realise a serious financial benefit by controlling office, warehouse or factory waste.

- Analyse the culture within your organisation, how could a change of attitude or behaviour within your company increase efficiency and reduce waste?

- Negotiate with your suppliers and do not be afraid to look at alternative suppliers to reduce costs. Partnership is a two way process for the winning businesses.

If you are sitting they're looking at this list and thinking; "There's no way I have time to do all of that" you are not alone.

How can Cavendish help?

We at Cavendish have many years experience of managing companies in the UK, we can help you to:

- Raise money from within your business without new finance.

- Secure a supply chain for a new product or service.

- Turn around a company facing trouble.

- Increase profits and dividends.

- Achieve the best price possible when selling your business.
- Be stronger than your competitors and achieve growth at their expense.
- Avoid making redundancies or cutbacks by saving money elsewhere in the company.

Once we have spoken with you in more depth about your goals and aspirations, and initially have focused on those areas you feel most require attention, we will make our recommendations on how best to achieve the savings or bottom line figures you want.

A Leading Provider of Business Planning Services in the UK

Three simple steps to a successful business

- Create and maintain a focused, believable and forward thinking business plan.
- Identify and remove unnecessary costs.
- Produce accurate business management information, and act on it accordingly.

With accurate, plausible management information backed up by a solid business plan you will:

- Be in a position to identify unnecessary costs.
- Be fully prepared to approach your suppliers and achieve price reductions and better service in a partnership winning way.
- Know exactly where your company is, and where it's going well in advance.

Why is planning important?

The most important weapon in any business arsenal is arguably the business plan, but why is business planning so important to business? All businesses should follow the same planning to be successful.

Being in possession of a professional business plan will allow you to:

- Receive funding from banks and other investors at the best possible rates.

- Maximise the chances of your company surviving, (businesses without plans are statistically much more likely to fail than those that maintain a plan).
- Set targets and benchmarks for reducing unnecessary costs and drive towards achieving these goals effectively.
- Achieve 'bottom-line' rewards immediately.

Have you noticed a trend?

There are in fact 3 reasons why a potential entrepreneur fails to receive the investment:

- The product/service fails to impress.
- The presentation lets them down.
- The product/service is fantastic, the presentation is professional and confident but they stumble and fall over when questioned on the facts and figures.

The first two reasons make for excellent TV, but in the real world it is almost exclusively the third reason that investment is refused.

Investors care about one thing and one thing only:

- Will you make them money?

If your business plan and your presentation of your business plan are honest, targeted and believable and through your understanding and grasp of the facts and figure you successfully convince your prospective investors that you will make their investment worthwhile, then the rest is academic.

Tailored business planning service for less than an "off the shelf" version!

What will a business plan do for you?

It will allow you to:

- Secure bank or investment finance at the lowest possible cost.
- Reduce the risks associated with starting or growing a business.
- Make performance monitoring manageable and effective.
- Test the feasibility of your business idea and provide an estimate of your start-up costs.

Businesses that do not produce and maintain a sensible business plan are statistically more likely to fail than those that do. A well thought out and professionally written business plan is capable of reaping benefits far in excess of expectations.

- Secure funding at lower rates from the source you want.
- Notice potential issues and deal with them before they become critical.
- Move your business to a position for successful, profitable sale.
- Be proactive instead of reactive within your market.
- Identify unnecessary costs and expenditure and improve your bottom line.

Business plans needs three things:

- **Focus**: Your business plan must be focused on your business and your industry, an "off the shelf template" is rarely able to achieve this.
- **Appearance**: Your business plan must look good, both in terms of the figures and proposals it contains, and the outward presentation.
- **Believability:** Remember, the people you are asking for funding, understand business, and if they do not believe that you can achieve what your business plan suggests it's unlikely they will offer the money.

We specialise in providing professional business plans that are specifically tailored to you, we do not provide "off the shelf" business plans. We understand that every business is different, and that just because we all share the basic need for business planning, does not mean, "one size fits all".

You need a business plan that is written for and focused on you, your business, and a business plan that is written by people who take the time to understand your business, your needs and your aims.

New business, or established company?

Whether you are setting up a new business, expanding an existing one or have simply realised the benefits of having an active, forward thinking business plan, will help you to be successful.

A targeted professional business plan can cost from as little as £500 which is less than you will pay for an off the shelf template plan in many other cases.

Business planning is vital to the success of your business, especially if you are currently looking to raise cost effective finance from banks of venture capitalists.

How to Increase Your Profit

Develop a strategy and business plan that will help you in the followings ways;

- Recover from a Crisis
- Raise Business Finance
- Reduce Your Costs
- Increase Your Profits

Next Steps

By now you should be getting the picture: A good business case predicts business outcomes, but in order to do so credibly it has to communicate much more than projected cash flow totals.

Cases that meet the check points above tell the audience clearly what the case is about, where the projected results come from, and what has to occur in order for those results to appear.

Take action! Learn to build self-evident validity into your business case from Cavendish. We use proven bespoke methods for building credibility into your business case to be successful

"If you want to be happy, set a goal that commands your thoughts, liberates your energy, and inspires your hopes."

Andrew Carnegie

TRAINING POLICY AND STRATEGY FOR SUCCESS

This fact sheet gives introductory guidance. It:

- clarifies the difference between strategy and policy
- gives the components of a training strategy and defines policies that will support it
- gives systematic steps for creating or renewing a training strategy.

What are policies and strategies?

HR likes to be thought of today as in 'strategic partnership with the business'. It is important that HR professionals can go beyond the desirable intent and put it into practice without getting absorbed in our own HR agenda. In training, a clear basis for deciding priorities is essential to ensure resources are used in the best way. It is also important to make sure business strategies do not fail because the right capabilities were not in place at the right time.

Thus 'linking' an HR or training strategy 'to the business' is not the best expression to use. It implies the strategy is put together first and then connections found to convenient areas in the business strategy. Rather, the latter should drive what training should do. It is a different starting place.

Strategy is all about choices and therefore a particular strategy describes what HR will do, and not do. Whether it is written down or not, it exists and is seen in the activities that do or do not take place. However most professional managers would agree that a systematic approach to building a strategy is likely to be more effective in running an organisation, and so it is for training and development. This fact sheet will provide the basic steps for doing this.

The importance of a policy is to provide consistent guidance to people in the organisation. Derived from the strategy, it provides a set of guidelines and requirements that reflect culture and values, and are reviewed and changed as needed. The policy is supported by processes and procedures.

The words 'training', 'learning' and 'development' are often confused, as they are all part of the process of increasing capability, usually of individuals but also of teams and whole organisations.

There are many different approaches to what is contained in a strategy. Many would say that it is only about direction and key platforms of intent, and would not be more than a page. Others will extend it to include current initiatives and plans. Since a strategy is no good without implementation plans it makes it much more useful to link it all together.

There are two essential sets of choices to be made. The first is what we should provide (Parts One and Two below), and the second is how we will deliver the resulting portfolio of programmes and processes (Part Three below).

So the kind of things we might find in a strategy are:

- **Part One**: An 'umbrella strategy' which will not be changed very often. This will be:
    - A statement of what the organisation 'believes' about learning and the learning process and the way it should be applied within it.
    - A description of the kind of learning culture we believe the organisation needs.
    - A mission/vision statement for Human Resource Development (HRD).
    - A statement of the ongoing processes, and their goals, which will support the above (such as appraisal, potential identification, succession planning, personal development plans, event evaluation).

The above will be supported by a set of Policies – see below.

- **Part Two**: A set of learning initiatives that specifically support the current business needs, and their goals, priority and resource requirements.

- **Part Three**: A set of choices for how the function/overall process will be managed.

Putting Part One together

Part One defines the 'umbrella' of principles, policies, processes and ongoing programmes that form the backbone of the training strategy. It will be defined by the nature and ambitions of the organisation and draw on appropriate good practice where relevant. To put this together, the following need to be analysed:

- **Mission, vision and values**: How will these be perpetuated and reinforced through training and other learning methods?
- **The general principles and beliefs about people and their development**: What are the shared beliefs?
- **Maintaining core competencies**: Making sure the organisation has the expertise in those areas of knowledge and skill that are essential for the business and those that distinguish it from competitors.
- **Responding to external changes**: External trends and events that must be taken into account.

This analysis leads either to define for the first time, or to re-evaluate:

- a set of statements which encapsulate the organisation's beliefs
- a set of processes which put them into practice
- ongoing programmes of training providing support as necessary.

A foundation of all of this is the set of beliefs. These are often, quite naturally, defined by HR – if so, there is a great risk that they are not intellectually owned by senior managers and therefore not carried out in practice. So they should be debated and agreed by the senior management team. They are important because they have a major effect on the activities of HRD. Key questions to be answered (and the textbook answer is not necessarily right for every organisation) include:

- Do we want to build a 'learning organisation', where learning is valued at every level and encouraged as a continuous process?
- Who should be the prime player in owning development – employees, managers, HRD?
- What is our understanding and definitions of potential?
- Do we believe in developing our own future managers and executives whenever possible?

- Do we believe in investing in future development of our people (all of them?) or just providing training as needed for the job?
- Do we believe in investing in personal development – with no direct business benefit – as an employee benefit?
- Do we believe in the benefits of coaching and mentoring?
- Do we believe in supporting continuing academic qualifications for our staff?
- How important is accreditation in specific knowledge and skills?

The HRD professional might feel there are obviously right and positive answers to all of these. But HR is part of a system called the organisation, and managers must share in (and fully understand) these beliefs for them to work out in practice.

The results of this analysis will be developed into a series of policies, processes and ongoing programmes for the different 'populations' in the organisation.

The policies that follow Part One

Policies articulate the principles in practice, and provide consistent guidance for members of the organisation. Here are some considerations in putting together a set of policies.

The style and culture of the organisation – how much is consistency valued?

The number and detail of these policies will reflect the culture and style of the company. Each could be as minimal as one-sentence statements, for example 'It is the policy of this company to encourage further education of all employees, at the discretion of their local management'. At the other extreme, the same subject may be encumbered with detailed forms to be completed, authorisation levels, regulations concerning different courses permissible for different grades, procedures for recovering costs if a person leaves – a good bureaucrat could make several pages of such a policy!

The key issue here is the extent to which managerial judgement is the dominant factor as opposed to ensuring consistency. In HRD, the tendency may be to the former, whereas in other HR matters legal and compliance requirements dictate the degrees of managerial freedom. Good policies only require one authorisation signature.

How much information needs to be kept on how policies are being applied?

There may be good reasons for knowing how many people have been trained in what areas, costs and durations, etc. For example, the organisation might want to know the level of training spend for benchmarking purposes, or the number of people taking particular programmes for publicity reasons.

This may not affect the policy statement, other than to say something such as 'units will be requested to provide data on the take-up of this policy'.

To what extent will we be audited (by external bodies) in the application of policies?

There is an increasing volume of regulatory compliance being placed on organisations. In the public sector, government lays down requirements and requires reporting on compliance with them. Different industries have either legally or voluntarily imposed demands for specific training. Often these necessitate more detailed forms to be completed than mere numbers. For example, for Investors in People accreditation, an organisation is expected to demonstrate the reality as well as the words. Also, the people in the organisation must buy into the accreditation for it works!

A policy must state the way in which compliance will be monitored and may need to impose appropriate forms and schedules.

Some typical areas of policy

- Levels of investment: a guideline for average days per person per year, or a percentage of salary.
- Feedback and development processes: use of these for identifying development plans.
- Further education and attainment of qualifications and certification.
- Mandatory training: to meet compliance needs or to support other policies and processes.

- Non-core staff: policies on training subcontractors.
- Equal opportunities – as applied to training.
- Career breaks: training opportunities.
- Provision of equipment at home for e-learning.
- Government policies: support and/or compliance.
- Coaching, counselling and mentoring.

Putting Part Two together

Part One covers the core 'semi-permanent' ongoing elements of the strategy. In addition to this, however, the strategy must cover what the business is trying to achieve currently and how to help it through specific initiatives. The portfolio of activities is driven by:

- the 'top down' agenda derived from what the business needs to support it
- the 'bottom up' agenda derived from evaluating individual and team needs.

It is easy to be driven by the second alone, putting together courses and events aimed at individual and team development. If however this is the only focus, some vital activities that will support the business may be missed. So HRD needs to sit down with managers on a regular basis and systematically look at:

- 'capability' implications of:
    - business/unit strategies and objectives
    - organisation and manpower plans
    - change initiatives.
- operational issues: such as quality, ineffectiveness, waste, customer dissatisfaction, internal conflicts, and so on.

At the end of the exercise, prioritisation will have to be made, taking into account:

- how critical the learning change is to achievement
- how urgent it is
- the cost/benefit balance
- the ability to deliver the change.

It does not ask what training is needed. It asks about changes in capability that is critical for success, and opens the door to the variety of learning solutions available. Many learning solutions will involve providing experience, or learning from others.

Putting Part Three together

This is the set of choices for how the function/overall process will be managed. It will include:

- The resource mix to be used (buildings, equipment, resource centres, e-learning, internal and external mix, HRD competences).
- How HRD will be organised.
- What tools we will use to support the processes.
- How HRD activities will be funded.
- Partnerships to be used (business schools, customers, consortiums).
- How HRD activities will be measured and benchmarked.
- How the strategy, policies and plans will be communicated to the various stakeholders.

All employees should take on board training to further their knowledge, so it can be passed on to others to give them confidence. This will advance the person and the organisation to increase the 'bottom-line' and encourage all employees that training is a continuous process of a life long passion for success.

"The secret of getting ahead is getting started. The secret of getting started is breaking your complex, overwhelming tasks into small manageable tasks, and the starting on the first one."

Mark Twain

MENTORING IMPROVES PROFIT

'Sometimes it's lonely being a Director and Manager. But it needn't be', Says Colin Thompson

There is, however, considerable evidence accumulated over more than fifteen years in the UK, and much longer in the USA and Japan, that 'mentoring 'of individual Directors and Managers, their teams and thereby, the overall business is very successful. There have been numerous surveys, which demonstrate the positive impact of these services on both the individual and the company. Just look at the strength of the economies of the USA and Japan plus the UK companies that believe in 'Mentoring'? That Improves Profit.

In a survey published in 1999 by the Industrial Society covering more than 300 companies, over 80% reported that 'mentoring' had improved the achievement of individual targets and goals. It is not surprising, therefore, that most of the respondents planned to increase the use of 'mentoring'. The proportion of companies using 'mentoring' had in fact already risen from one-third in 1996 to two-thirds in 1999 and increases year-on-year.

It would be interesting to examine some of the factors contributing to this growth, but let us consider the differences between 'coaching and mentoring'.

Definitions

Both 'coaching and mentoring' have been practiced for many hundreds of years, but it is within the business environment that there are diverse views as to their scope and benefits.

I believe that the services are complementary as both are based on a blend of internal or external relationships that will enable the recipient to:

- Enhance skills
- Develop at both a professional and personal level
- Assimilate knowledge and learning techniques

There is no common definition, but I regard the main differences to be:

- Coaching: Focuses on achieving specific objectives usually within a preferred time period.

- Mentoring: Follows an open and evolving agenda and deals with a range of issues.

Why the high growth rate?

A client described recently the factors that are fuelling the rapid growth in 'coaching and mentoring'. 'We are being asked to deliver increased profits, higher quality products, cope with fierce competition and implement change programmes-all with fewer resources. We have to demonstrate to our management team that we will support their efforts, individually and collectively.

This picture is typical of many organisations in all sectors of the UK economy where we have flatter, leaner structures that offer little further scope for rationalisation. It is vital that management teams are equipped with the necessary skills and feel sufficiently motivated to drive their teams to achieve challenging performance and financial targets.

Directors and Managers are required to fulfil a broader and more versatile role ranging from possessing the vision to develop strategy; a hands-on style to keep on top of operational issues; leadership skills to build teams and so on. It is not surprising, therefore, that individuals and teams have gaps in their skills base and development needs, many of which can be met by 'coaching and mentoring'.

The Approach

In each client situation, our approach is to meet the individual and often quite diverse needs of each executive. At the same time I try to assist the development of a cohesive team that can meet the challenges and change facing the business.

Whilst there are key stages that most assignments cover, I believe it is essential that our work is moulded to address the personal and professional issues of each executive. There is, therefore, considerable variation in the pace and content of each assignment.

Of critical importance is the relationship between 'mentor' and executive. In 'mentoring', the executive must feel comfortable with the 'chemistry blend' and also be confident that the 'mentor' has the requisite skills and experience to make a significant contribution without taking control.

The Future

'Mentoring' is now well established in the UK and is being used effectively in a wide range of organisations and applications include:

- Leadership skills
- Team development
- Re-engineering
- Changes in structure and culture
- Improving communications
- Relationship issues
- Preparation for a new role
- Managing projects
- Integrating new managers
- Stress management
- Independent sounding -board

Some of my clients have blended 'coaching and mentoring' within performance management systems but others prefer to respond to specific needs.

The key issue is that tangible improvements in performance are being achieved along with many other benefits including greater awareness, open communications and mutual understanding.

"Since you usually get what you expect in life, expect the best for yourself."

Denis Waitley

THE WAY I SEE IT ...
POSITIVE ATTITUDE TRAINING

Members of staff who are constantly complaining and being negative not only have a detrimental effect on themselves, but also on their colleagues. It's a drain on those around them and on your business. However, it doesn't help just to get on the bandwagon and complain about them. Like most things, to bring about changes, positive action needs to be taken.

Central to reducing stress and to producing the right kind of results is the development of a positive attitude.

Deliberately choosing to steer the mind in a positive direction helps in all kinds of situations including goal setting, recruitment, career progression and general contentment with life. But what causes periods of negative thinking that find us spiralling into a dark frame of mind?

Well, of course, there is no single answer. Each of us responds differently to similar sets of circumstances. Therefore, it's important in the first instance to find out what is behind this negative behaviour. It could be a negative member of staff is unhappy for a variety of reasons – either connected with work or not. They may also be totally unaware of the way in which they are coming across and how they are affecting their colleagues.

Therefore, a brief interview to discuss the situation in a compassionate way is advisable as a first step. There may be actions which can be taken easily and quickly to improve the situation. If not, then you may wish to consider using a counsellor or coach to work with your member of staff to explore the situation further.

In my case, whether coaching/counselling on a one-to-one basis or working in a seminar situation, one of the key areas I work with to reverse these negative attitudes is training in developing a positive mindset and I'll share a few tips with you here which may be useful when dealing with negative members of staff. If you feel sceptical about them to begin with, just try it for a month and log what happens with your thoughts, language, attitude, actions and results.

The problem often lies in the fact that many of us are not aware of the negative influences around us and therefore find it difficult to know what to do to haul ourselves out of the mire of a negative spiral and into a more positive frame of mind.

The mind is incredibly powerful and our thoughts and beliefs influence our words and actions either positively or negatively. If we're aware of the influences and conditioning that affect our behaviour, we can take positive action to reverse negative trends.

Naturally, we all have certain periods in our lives which are challenging and provide us with some serious hurdles to overcome. This is the nature of life. And, some people's genetic make-up makes them more susceptible to periods of anxiety than others. It's also true that a lot of our 'conditioning' or learned behaviour as children and from those in authority throughout our lives can affect how we feel and how we respond to situations.

Add to that the many external influences which affect our moods and create anxious states, such as TV programmes, news reports in papers, periodicals and on TV, films, video games and so on and you can start to see what we have to contend with every day of our lives.

Do these really affect our moods and behaviour? Well the short answer is a resounding 'yes' and that's why marketers, politicians et al spend so much money and time on advertising and PR campaigns. Repetition of messages and images start to infiltrate our subconscious (and sometimes conscious) thoughts and behaviour and there's lots of research and books which confirm this school of thought.

Of course, there are a lot of very positive things to read and be entertained by, but there is a lot of news reporting, for example, which is very negative and helps create feelings of anxiety and fear. A terrific amount of material contained in these and in entertainments is violent, negative and generally unpleasant. It's this kind of thing that contributes to black moods and depression and to which we lose our individual power and positivity.

When speaking to negative members of your team, the point is not to advise them to cut these out completely. A lot of people get a great thrill from some of these forms of entertainment. However limiting your exposure to negative people and things and choosing to focus deliberately on what is good and positive in life is advisable. It's a conscious decision to 're-programme' the mind to think positively and reverse the tendency towards negative feelings.

Once this is mastered, it is much easier to enjoy life and to tackle any challenges more effectively. You'll also be much more fun to be around!

Positive thinking also has some very practical uses. For example, one of the best bits of advice I think I ever had on recruiting, was to recruit on attitude not on qualifications. If you have somebody with a positive attitude and enthusiasm for their work, you are far more likely to find that person will do a good job, will be motivated and will learn quickly. This is a piece of advice I have acted on in numerous situations and it hasn't let me down yet!

Positive thinking also helps to achieve goals. Making clear statements of what you want to achieve, writing them down, visualising them and feeling the positive emotion behind them is an incredibly effective method of getting the results you want. It's a technique used in many situations including business, athletics and sports and life in general and it's one of the keys to the difference between success and perceived failure.

There are numerous techniques which can be used in developing a positive mental attitude and I can only touch on them in this short article, but here's your starter for ten which you may find useful when dealing with negative team members!

1. Practice being grateful. Spend about five-10 minutes at the start of every day thinking about what is good and positive in your life at the moment. It's amazing how many things we simply take for granted that we can be happy and grateful for. It starts to set the scene for the mind to think more positively and the results which follow are also likely to be more positive as we tend to attract to ourselves more of what we put out!

2. Limit exposure to negative movies, TV, reading and people. When people find themselves feeling anxious, upset or angry they can deliberately choose to watch or read something funny and upbeat or to meet someone who they know makes them feel good.

3. Be aware of thoughts and language. Start to pay attention to how you speak about yourself and the situations around you and try to halt any negative language or thoughts and practice saying or thinking it more positively.

It's important to be particularly careful with this when setting goals. Avoid aims which start with words such as 'I want to stop…' or 'I don't want…' Putting aims and ambitions into positive language means they are far more likely to come to fruition, because you are stating what you want to happen rather than what you don't want to happen. Think about it. It makes perfect sense, doesn't it?

4. There are also numerous breathing techniques, visualisations and meditations (or daydreams) which help promote feelings of positivity.

5. Music can be an excellent method of encouraging a positive mindset. Ask negative members of staff to record a mix of their favourite uplifting and happy tracks to play on the journey to and from work or at other convenient times of the day.

6. Find out what they love to do and get them to prioritise it and do more of it.

None of us can change what has already happened or what happens in the future, because the time has either passed or we haven't got there yet. So, concentrating on the here and now and looking at what is good today is advisable.

Of course this is only scratching the surface of this enormous subject which can make such a difference in how we approach life, but I hope it gives you a taste of what can be done to develop a more positive workforce.

"The longest journey of any person is the journey inward."

Dag Hammerskjold

DISCIPLINES OF CHAMPIONS

To live a successful life, one of your major goals must be to honestly evaluate yourself and continually strive to become the person you would really like to be. If you want to be a champion in sales, the qualities and characteristics you must develop to do so, will also make you a champion in life.

The great Benjamin Franklin once created a list of virtues he felt every man should strive to attain, and then set about the rest of his life working toward that end. Mr. Franklin had a good thought there. Every human on this earth should at one time take similar stock of the world around them, seeking virtues, qualities, and characteristics that they respect in others and feel would be of value in their own lives; create a list of them, and strive daily toward their achievement.

As a warning, don't expect to achieve them just because you have recognised them. Most virtues, habits, or traits will take some doing because they'll be different from your usual way of doing things. Remember, it takes twenty-one days to make or break a habit. So, you should commit at least twenty-one days of conscious effort to each value you are striving toward.

You can begin simply, though, by walking, talking, acting, and believing like the person you wish to become. Now, this doesn't need to be a real person, you know. It will very likely be the person you envision with the traits you desire.

Here are a few suggestions for disciplines that champions develop:

1. Punctuality. Being on time shows tremendous respect for those you are meeting.

2. Fast attention to details. It's true that the little things mean a lot. If there are challenges with the little things, there will be no big things.

3. Moderation and balance. Keeping a steady course will keep you from having to compensate for errors in judgement This doesn't mean to eliminate adventure or fun, but rather to have balance in your life.

4. Responsibility and accountability. These two words, if internalised, could dramatically alter the course of history. Learn to graciously accept your

responsibilities in life, and do not live in such a way as to fear being held accountable.

5. A love for serving others. Wouldn't that eliminate all of the equality demands placed on many of our modern relationships? If you love giving to others so much that it doesn't matter how much you receive, your life would be a lot less complicated. In business, it would also be a lot more successful.

6. Commitment to being a lifelong student. I recently read that at least 40% of today's knowledge is obsolete within twelve months.

Take a page in your planner and start accumulating your own personal list of disciplines that will make you a champion!

"Live your best life. Dream big. Live fully."

Oprah Winfrey

STRATEGY WHAT STRATEGY!

This part of the book considers your approach to strategy. Strategy is one of the most over-used and yet misunderstood words in business. As a result, managers and consultants have struggled to 'do' it properly.

Strategy is a subject that people like to refer to, but often they don't really know what they mean by the word. We should not be surprised that many people find it difficult to actually think strategically when they are unclear about what strategy is all about.

The main complaints about the strategy process are:

- There is little agreement about what strategy actually is and what it does
- It gets lost, unco-ordinated, frustrating, messy and unfinished – there is lack of focus and clarity
- Most people involved either question their own ability to contribute, or, arrogantly dominate and suffocate the process
- No SMART goals are achieved (SMART is an acronym that is used to remind us that goals should be specific, measurable, attainable, realistic, time-based)
- Fear of the future, combined with fear of failure, makes the team behave like reindeer freezing on the road when blinded by the headlights of the oncoming lorry, and
- Management 'speaking in tongues' parades as science – the tools are not helpful – they are superficial, confusing and too theoretical.

1) Types Of Thinking

Managers often fail to differentiate between business unit strategy and what is referred to as 'corporate centre' strategy. The reason for this is that business schools and consultants normally talk about big business/corporate centre strategy when they are talking about strategy.

Business unit strategy is for single product/market players or 'strategic business units' of conglomerates; corporate centre strategy is for conglomerates that are planning the future and the relationships between the centre and its various subsidiaries. The distinction is crucial; this is where so much of the confusion comes from.

Business unit strategy is good – it gives you insights into where and how you need to do things differently. It helps you to see the business through the customers' and through the competitors' eyes. Both today and tomorrow. It shows you your strengths and weaknesses and where and how you should be expending your efforts.

There is a time and a place where corporate centre strategy is beneficial. Examples include where there are brand benefits, regional or global economies of scale, overcoming technological barriers and so forth. You only need to think of Apple, Coca-Cola, Microsoft, Sony, and Toshiba. But this type of thinking is pretty irrelevant if you are running a business unit employing say 500 people.

Moreover, for the multinational/conglomerate, the ability of the centre to generate strategies that have little to do with the needs of specific business units is awesome. Couple this with the centre's (and the board's) lack of contact with the territories and you can see the potential for disastrous decisions. Corporate strategies constantly frustrate and bamboozle the managers of regional business units.

2) No Clarity Of Purpose

Put simply, business strategy is planning while being aware of the business environment.

Strategic thinking is not the same as strategic planning. In fact strategic planning is an oxymoron like 'friendly fire', 'fun run' or 'fighting for peace' – planning and thinking are totally different activities requiring different skills. Strategic thinking is the role of the strategy team – those beneath them should carry out the (strategic) planning.

Strategic thinking must be used to improve understanding of the environment and the options available to the business. Any analysis must help the decision-making process. There is no room for using models that are simply intellectually attractive. The task at hand is to shed light on options and directions and find evidence to support decisions about the future.

3) The Use Of Theories

At the business unit level, the tools of analysis are relatively straightforward. The only real barriers to a successful strategy are intimidation by the so-called 'professionals' and their jargon.

Rogue management consultants have been known to blind their clients with science; BCG matrices, Value Chain Analyses and differential equations are used to bully the innocent client into agreeing to a strategy that they may not fully understand or appreciate… but are too timid to admit their ignorance. Despite this, the manager may well understand their business and industry with a clarity and perspective that the models are unable to detect.

It is notably at the corporate centre level that the jargon takes over and so often the process turns into Frankenstein's monster - you have a much more sophisticated list of tools (product portfolio analyses, discounted cash-flow, BCG matrices, three-dimensional modelling). A whole industry has grown up around corporate strategy – it is here that the business school hype runs amok – 'Long live the emperor and his new clothes'.

More complex is almost always worse, and yet the corporate centre has a propensity to complicate things!

Most of the models of analysis, some good and some bad, are over thirty years old; few people in business honestly know how to use them effectively and appropriately. For today's business, the relevance and value of the models must be questioned.

The Solution

In order to work, the whole strategy process must be effective and practical; highfalutin' theory is not the order of the day!

To be effective, strategic thinking tools must satisfy the following conditions:

1. Reflect the business needs of today and tomorrow
2. Start with the customers – be rooted and immersed in market understanding
3. Be Practical (not theoretical)
4. Be Specific (not superficial)
5. Encourage a longer-term view

6. Be Measurable

Who develops Strategy?

For business unit strategy, each of the operating managers should be involved; for corporate Centre strategy, the Chairman, CEO and a few close colleagues should be involved. In both instances, a cross-section of operational managers should be involved to influence, double-check and approve the thinking process.

The next-best solution is to involve a firm of management consultants who can bring a process and system to the proceedings. The Senior Management Team or MD must choose carefully otherwise the consultants will bring in over-complex tools and theories. The MD needs to be able to stop them from doing that by giving them a clear brief of what is wanted. A good relationship will pay dividends as consultants can facilitate the process or give the right tools to work out the way forward.

Where To Start?

If strategic thinking is a creative process then the best place to start is with where you would like to be, and work backwards to where you are now. Then you can work out how to get there. (The Big Hairy Audacious Goal school of thought) Or… if strategic thinking is a systematic, analytical process then start with where you are now and work out where you think you can get to.

The snag with this second approach is that constant use of linear thinking stifles your creativity. If you believe that 10% growth in sales is realistic then you will plan away the idea of faster growth and the need for more unusual approaches to achieve a truly stretching goal.

In reality, you need to combine both approaches.

At The Business Unit Level:

These are the crucial questions that you need to be able to answer:

- What business are you in?
- Where do you make the money?
- How good are your competitive positions?
- Is this a good industry to be in?

- What do your customers think about you, your product and the market?
- What do your competitors think about you, your product and the market?
- How do you raise profits quickly?
- How do you build long-term value?

At The Corporate Level

Be clear that corporate centre strategy is flawed because the centre rarely represents or reflects the needs of the outposts. The centre has a life of its own. Few corporate centres are small. Most do not add enough value to justify their cost. Most destroy more value than they add.

Corporate centre strategy must be approached with a great deal of scepticism and caution.

Strategic Thinking

- Be clear about what you want to achieve from the strategy process. Is it business unit or is it corporate centre strategy that you are working on?
- Decide your goals and be prepared to pay the price – after all strategy, by definition, is about trade-offs.
- Do not undertake 'strategisation' unless a system is in place that allows strategy implementation - otherwise the whole process is counter-productive.

It is imperative that the strategy process is not seen in isolation of other processes. Strategy is not a 'black box', a one-off activity, carried out at annual away days – to think strategically is an art form.

Summary

Working on strategy is not so very difficult if you focus on understanding what you are trying to achieve. Do not get confused by the way that some parties have tried to make strategy sound highly convoluted and highly complicated.

"Leadership is practised not so much in words as in attitude and in actions."

Harold S. Geneen"

TIME FOR A SHARP EXIT!
Options to Get Out of Your Business if You Wish to!

So… the business has been going for a couple of years and it's all been going quite nicely… you're making tidy profits… you're taking home a decent whack… but where to next?

The dilemma that many comfortable businesses seem to avoid is that of the exit. What on earth are you going to do next? The business is pretty good but how will you extract the maximum money from your hard-earned enterprise.

Several options appear in a rough order of ease:

1. Bleed the business dry
2. Liquidate
3. Friendly sale
4. Trade sale
5. Management buy-out/buy-in
6. Business angels
7. Venture capital
8. Go to market/IPO
9. Organic growth or 'buy and build'… then any of the options above.

The first few options are pretty straightforward.

Option 1:
Bleed The Business Dry

Pretty straightforward this one – you just take as much as you can out of the business in the form of pay, dividends, and perks irrespective of the performance of the business – not the sensible option and often the option people follow unconsciously… but you can get back a lot of your investment by this method.

Option 2:
Liquidate

This option may come at the end of Option 1… - quite simply, you just close the doors, shut up shop and wait for the liquidator or insolvency practitioner or bankruptcy courts to catch up with you. You leave them to sort out the outstanding debt and sort out the remaining creditors and if there's anything left (after professional fees) then the shareholders get some money. Not the cleverest option and one that, again, some people do with out any clear conscious decision to do so.

Option 3:
Friendly Sale

The idea behind the 'friendly sale' is that this takes place with everyone being happy. Someone nearby, employees (MBO) or friends or family don't want to see the business disappear and take it over rather than see it sold. This is a great option but not predictable; often these sales do not see the highest valuation for the business because it is not a purely mercenary purchase but on the other hand, the business gets passed on to a friendly face!

Option 4:
Trade Sale

Selling the business to the open market requires there being one buyer out there who wants to buy a business like yours. Usually they will be buying in order to get into a new market or access to customers but it may be to acquire you technology, your goodwill or your market share.

Trade sales tend to get you a better price when it is not known that you wish to sell but each deal is different! Ideally you would set your business up to look attractive to the purchaser so you should think carefully and a long time in advance about what a buyer might wish to buy (a management team or ideal client list) and create a business to reflect that.

Option 5:
Management Buy-out/buy-in

Your management or another management might wish to buy your business. MBOs are attractive to the existing management because they know the business already, warts and all. A similar set of guidelines applies to selling the business to MBOs, MBIs and the other sensible options below (whether selling the business or looking for funding.

Option 6:
Business Angels – a funding option

Business angels bring funding (£50,000-£1m?) and their own experience to your business to help you grow it. The stereotypical Business Angel has been there and done it and has some capital to play with. They usually wish to join the board and can give you the experience and the money that you need to take the business to the next stage of growth.

Option 7:
Venture Capital – another funding option

Venture Capital, sometimes referred to as 'Vulture Capital', is not for the faint-hearted. Deals normally start at about £1m and the VC looks to see higher than average returns on their investment, say 30+% pa. VCs are professional business growers and only invest in businesses that can generate the returns that they seek.

Option 8:
Go To Market/IPO

Going to market is sometimes referred to as IPO (the Initial Public Offering, in effect a prospectus offering shares in a business for sale). In essence there are three markets to consider, in order of ascendancy: Ofex, AIM/NASDAQ and the full Stock Market quotation. In very general terms, Ofex is a smaller, independent market for funding up to £10m, AIM looks at £1m+ and the stock market is for £10m+.

The cost of each option increases with professional fees associated with each option. Look out for these costs – there is an entire industry out there that makes its money out of the business of buying, selling and funding businesses. Due diligence is the least of your potential costs (lawyers, accountants, promotion, PR and so forth) with total fees often in excess of 5% of the amount sought – and don't forget that each exercise might take a minimum of six months of director(s') time.

Option 9:
Organic Growth or 'Buy and Build'...
Then any of the options above

Rather than get money to grow, you can try to grow organically. The problem here is that business growth means that you are hemorrhaging cash and you need something to supply the cash. 'Buy And Build' is an excellent fast-track route to growth but needs even more cash to fund it.

Whichever of the sensible options above you wish to take (i.e. not options one or two) requires a special business – otherwise it will hold no attraction to a potential buyer or funder. Whatever your direction, it seems sensible to run a business that adheres to some core principles.

Core Principles of a Fast Growth Business

Fast Growth businesses are different from their counterparts, the life-style businesses. They are more aggressive, more business-like and more systematic and structured in their approach to growth. They buy in competence when they need it and they have ambitious goals and usually achieve them. Fundamental attributes that the fast-growth business must exhibit to be attractive to a buyer or funder should include:

- Underlying, repeatable, sustainable profits
- Reference and trophy clients
- Distinctive capabilities – things that make you unique
- Core competences or strategic assets – what you are really good at
- A senior team to take it to the next stage.

Underlying, Repeatable, Sustainable Profits

Anyone interested in your business will want to see underlying, repeatable, sustainable profits. Who wouldn't. You need to be able to demonstrate beyond doubt that your business has, can and will deliver long-term profits. Here we presuppose there is some evidence that the right market conditions will continue to prevail.

Reference and Trophy Clients

As well as the guaranteed profit stream, your business should also be able to demonstrate, conclusively, that you have some **reference clients** (people that the buyers/funders can speak to) and more importantly some **trophy clients** (proof that your product works because one/some of the key players in your market place believe in your product or service).

Distinctive Capabilities – Things That Make You Unique

More business school fancy terms that refer to uniqueness. The unique skill set that you have (intangible assets) is one part of the equation… another would be Intellectual Property, ideally a protected, defendable IP for something that is in high demand, which gives you a unique position and advantage in the market.

Core Competences or Strategic Assets – What You Are Really Good At

These are fancy business school terms that refers to your core skills, what you are really good at. Back in 1990 Pralahad & Hamel said *'In the 1990s (managers) will be judged on their ability to identify, cultivate, and exploit the core competencies that make growth possible - indeed, they'll have to rethink the concept of the corporation itself.'*

A Senior Team to Take it to the Next Stage

Has your senior team got the right people in place for the next stage of growth or have you still got some left-over fellow-travellers who don't really deserve their seat in the board room for any other reason than long service (or their family name)? Through the eyes of the buyer/funder, do all your board members still add real value to the business? Can the business continue to flourish without the current owner(s)?

So which is it:

Time for a sharp exit – *you need time* for your exit strategy to kick-in
Time for a sharp exit - *you need to plan the timing* of your exit?
Time for a **sharp** exit – your exit needs to be swift?
Time for a sharp **exit** – you need to start thinking about how you are going to exit the business

Excellent planning is required to obtain the best return on your investment of money and time in your business. Now contact Colin Thompson to help you be successful at; colin@cavendish-mr.org.uk

"Chance favours those in motion."

James H. Austin

THE THREE Cs OF LEADERSHIP TRAINING

Many people believe that true leadership cannot be taught; only experienced. I agree with this point in some degree. Great leaders aren't made just in the training room they are made in the field doing the job. But in order for people to understand what makes a great leader, it needs to be explained simply and directly.

Here are the three 'Cs' of leadership. They're three characteristics that pretty much all great leaders possess.

By great leaders, this doesn't necessarily mean that their intent was for the greater good or actually right, some of the greatest leaders were the most evil men and women ever. We don't have to agree with their intentions. Here, I am merely defining a great leader as someone who has followers.

Think of any well known leader in history, good or bad and chances are you will see these characteristics in them in one form or another.

Communication:
It is so important to keep your team informed. Lack of or having no information or poor information has been cited as one on the biggest workplace de-motivators, with so called 'leaders' thinking that their employees 'can't handle the truth'. The greatest leaders through history were great communicators.

Ever sat in a traffic jam, frustrated? Then a report comes over the radio saying there is an accident up ahead and it should take 10 minutes to clear? Suddenly, you feel better because you know what's going on.

To make a team work, it's going to take more than just you being in the know. Keep your team informed.

Charisma:
"When we love or hate something in other people, we are seeing what we love or hate in ourselves."

Take a look back through history at the great leaders. They all had a great deal of charisma. Their followers could relate to them on different levels. Their energy infected their followers. This isn't to say that to be charismatic you have to bound about all day. But it does mean that you must seek to inspire your team as much as possible. Keep your focus on the goals of the team and display endless amounts of energy.

Cause:

To truly inspire others, you must have a vision to share with others. A leader with no vision is like a game of football with no goalposts. A leader must have a vision and the conviction of character to drive it through to its conclusion. The world is full of strong starters. It is the ones who see something through to the end that counts.

"If you wait for inspiration you'll be standing on the corner after the parade is a mile down the street."

Ben Nicholas

THE WAY I SEE IT… BLENDED LEARNING: A New Approach For 2008

E-Learning is now one of the main training methods for modern business environment but is this really more effective than the traditional classroom style workshops.

Over the last few years, e-learning has increased in popularity to become one of the key forms of training for businesses. The development of new technology and the certainty of decreasing software costs will help to ensure that e-learning is here to stay.

But is e-learning the most effective way to train staff and does it deliver sustained results for ongoing staff development? Certainly, it has draw-backs: research shows that classroom based learning increases knowledge retention by up to 50 per cent, a fact which e-learning alone does not take advantage of.

An alternative to isolated e-learning is the blended learning approach which combines classroom based education with the convenience and cost efficiency of e-learning. Combining a variety of learning experiences will enable a complete end-to-end training solution and, as individuals react differently to different methods of training there will be something to suit everyone's individual needs and abilities.

Back to the classroom

One of the perks of being in a classroom is that it gives delegates a chance to ask questions about things that they are unclear about; it also enables them to discuss related issues with a fully trained advisor. Ensuring that classroom training is as interactive as possible will result in an enjoyable but positive and productive experience.

However, classroom based learning does have its downfalls. It is unreasonable to expect delegates to retain all the information learnt from the training course and for the classroom session to ultimately have a positive effect on the trainees the information must be reinforced. This is where e-learning comes in.

E-Learning

Prior to a classroom based training course it may be beneficial to provide delegates with material to prepare them and give them some basic knowledge on what they are about to learn.

E-learning is a fast and convenient way to do this. It is also an effective way of providing people with materials after the course which will help to re-enforce everything they were taught. Providing easy to use e-learning solutions to help back up and refresh teaching will ultimately result in the organisation achieving a greater return on their training investment.

The blended approach

The flexibility of the blended learning approach ensures that each training session can be tailored to meet the individual needs and focuses of the company. Company branding can be placed on all training material and although an external company hosts your training solutions, it is ultimately the individual company that controls it, therefore material can be adapted each time something changes within the company without the inconvenience of having to contact the training provider. However, the most important aspect of our blended learning approach is to ensure that the content that is delivered online is intrinsically linked to the classroom experience.

"There is always room at the top"

Daniel Webster

HOW TO INSPIRE YOUR PEOPLE

Poor performance in the workplace is a big issue in organisations

Inspiring people is not easy – for most of us it takes time, effort and persistence. Few of us have the outstanding qualities of inspirational figures such as Martin Luther King or Nelson Mandela. Nevertheless, we all have the ability to inspire employees in small yet meaningful ways. And when people are inspired, they become more enthusiastic, motivated and engaged, which invariably improves their performance.

This is a key issue for most organisations – recent research conducted by Chiumento found that poor performance in the workplace was a problem for 96 per cent of UK organisations.

But inspiration is not a management tool that can be readily manipulated. It results from the creation of a positive psychological and emotional connection with an individual – it is about winning hearts as well as minds.

Managers therefore need to act in an authentic manner that earns them the trust and respect of employees. Of course, people have different personalities, needs and aspirations and what will inspire and engage one person may have the opposite effect on someone else. So what practical steps can you take to become an inspirational manager?

1 Learn to let go

Good management means learning to let go. It might be hard to do so initially, but you need to trust people to use their own judgment. Demonstrate that you have confidence in their abilities by empowering them and giving them a level of autonomy that is appropriate for their role, motivation and level of expertise.

Most people respond positively to being given responsibility as long as they feel supported and not dumped on, but ensure that you do it consistently – delegating responsibility and then removing it without good reason can be incredibly demotivating.

2 Help staff see where they fit in

Create a sense of meaning that helps people feel they are making a contribution to something that is important and purposeful. Most people feel good about themselves when they are able to understand how their contribution helps the overall success of the organisation.

Employees who are emotionally committed to an organisation's purpose invariably exhibit greater loyalty and deliver superior levels of performance, so help people to feel that they are part of a community that is collectively engaged in something worthwhile.

3 Say thank you

It can be easy to forget to say thank you in the middle of a busy day, but it is important to try to provide regular praise and recognition where it is merited.

A thank you that is heartfelt and spontaneous reinforces the fact that each employee matters and that the organisation recognises and values their contribution. For most people, genuine praise is more valuable and appreciated than financial rewards.

4 Recognise people's strengths

Strive to play to employees' strengths and seek to make the most of individual capabilities and talents wherever possible. Most organisations have a wealth of potential talent that remains untapped, and it often resides in highly capable individuals who want to give more but are frustrated by unimaginative leadership and constraining organisational practices. Seek to unlock this latent potential, even if it means challenging organisational protocol.

5 Practise what you preach

Act with integrity, honesty and humility at all times – people respect managers and leaders who act in line with their values, who behave consistently, who don't avoid confronting difficult issues and who provide open and honest explanations – even when it comes to admitting their own mistakes.

Exemplify the behaviours that you wish to see in others and don't underestimate the power of your words and actions on your team and on your peers. Remember that you cannot build an inspired workforce if you are not inspired yourself, so make sure that the conditions you seek to create for others exist for you as well.

6 Give constructive feedback

This will help employees to understand how they are doing and how they could improve. Most people seek clarity about the progress they are making, but few welcome criticism. So make sure that feedback is balanced, that employees take ownership of the resulting actions, and that appropriate coaching and support is put in place to help individuals learn and develop.

7 Discuss career paths

Take development and personal growth seriously and spend time understanding your employees' needs and aspirations. Not everyone is seeking a structured career development path, but taking time to discuss a person's future and helping them to take the steps necessary to realise their dreams and ambitions is an important consideration for many employees.

8 Promote work-life balance

Remember that employees are individuals and have lives outside the workplace – you employ the whole person. So, as far as possible, shape an employment deal that balances the needs of the organisation with those of the individual. Take time to understand what an engaging employment deal would look like for different employees, and strive to achieve a meaningful and realistic work-life balance proposition for each person. Your employees will appreciate this demonstration of flexibility and the fact they are not taken for granted.

9 Communicate honestly

Practise open and honest communication and involve people in decision-making wherever possible. Openness and transparency help to reinforce trust and serve to stimulate creativity, ideas and a sense of connectivity. Cultivating a sense of inclusion and participation shows that you genuinely value people's input and opinions and helps to release the latent potential within the workforce.

10 Have fun

People work best when they do not feel under constant pressure and when they can engage in social interaction. So create the time and space for relaxation and enjoyment, and don't underestimate the benefits of humour in containing stress and anxiety – higher levels of performance and productivity will inevitably result.

"If we wait for the moment when everything, absolutely everything is ready, we shall never begin."

Ivan Turgenev, Russian author (1818-1883)

STRATEGY ACCORDING TO KENICHE OHMAE

Keniche Ohmae's 1982 book, *The Mind of the Strategist: The Art of Japanese Business,* is a far-reaching tome that illustrates the power and persuasion of combining rigorous strategic analysis, healthy intuition, and unabashed willpower in striving for global dominance.

The ex-McKinsey partner and Ph.D.-trained nuclear engineer puts forward a highly structured approach to "doing" strategy. Key concepts in his 1982 book include the following:

- Key factors for success
- Initial and rival hypotheses
- Constraint analysis
- The profit equation
- Building company, customer, and competitive-based strategies

Keniche is fond of tree charts and decomposition and illustrates that strategy is all about creating and vetting options to reach various end states or goals. He asks a fundamental question for any strategist: "What does success look like?"

Ohmae's operating principles for a strategist are timeless:

- **Dichotomous thinker**—strategists need to be flexible in their thinking, not binary, and be open to creating "strategic degrees of freedom."
- **Perils of perfectionism**—there is no perfect strategy or information; the strategist is always bounded in some way.
- **Keeping details in perspective**—the 80-20 principle has stood the test of time as it forces the strategist to look for the key drivers or levers to any problem.

- **Focus on key factors**—many issues and industries can be distilled down to a fundamental equation of some sort. For example, banking is all about the interest spread between the cost of funds (e.g., demand deposits) for the bank and the cost of funds for their customers (e.g., interest rate for a loan).

Strategy According to Treacy and Wiersma

Treacy and Wiersma wrote the 1995 best-seller *The Discipline of Market Leaders*. The main premise of the book is that companies can achieve a leadership position by narrowing their business focus, which has been promulgated by various strategists in terms of "sticking to one's knitting" or focusing on the core business. The authors identified three "value-disciplines" that can form the basis for one's strategy:

1. **Operational excellence:** Think of Wal-Mart and its supply chain capabilities and focus on everyday low prices.

2. **Customer intimacy:** Think of insurance giant USAA, with its intense focus on the customer and its roots in successfully serving the military community.

3. **Product leadership:** Think of the Medtronic and its drive to develop innovative and life-saving medical technologies and devices.

Although each company is likely to have some competencies in each of the value-disciplines, one is usually primary, because each has a different set of requirements. In today's world of shorter product lifecycles and better operational analytics, more and more companies are primarily focused on customer intimacy.

Witness the inexorable rise of customer relationship management (CRM) software and strategies across a multitude of industries. There also seems to be a greater focus on customer loyalty and lifetime value metrics, which are key measures for the customer-intimacy approach.

Strategy According to Michael Porter

Michael Porter, the noted strategist out of Harvard Business School, is world renowned for his work on competitive strategy, which is focused on competitive differentiation and positioning.

In Porter's well-known 1996 *Harvard Business Review* article "What is Strategy," he wrote that competitive strategy "means deliberately choosing a different set of activities to deliver a unique mix of value." Porter added that "the essence of strategy is in the activities—choosing to perform activities differently or to perform different activities than rivals." According to Porter, competitive strategy is about differentiating your company in the eyes of the customer and about adding value through a unique configuration of activities that is different from your competitors'.

Porter also has some insightful thoughts as to why so many companies fail to have a strategy. "Although external changes can be the problem," Porter points out, "the greater threat to strategy often comes from within. A sound strategy is undermined by a misguided view of competition, by organizational failures, and, especially by the desire to grow." Porter ends his article by highlighting the power and necessity of making trade-offs. The strategic agenda demands discipline and decisions, not compromise and confusion.

Porter also developed a strategy model around generic competitive strategies (see figure 1).

In his 1980 best-seller *Competitive Strategy: Techniques for Analyzing Industries and Competitors,* Porter simplified a previous model and distilled it down to the three best strategies: (1) cost leadership, (2) differentiation, and (3) market segmentation (or niche/focus). The niche or focus strategy is relatively narrow in scope, whereas both cost leadership and differentiation are relatively broad in market scope. Like most parsimonious models, you can add nuance and depth to the model by tiering each area in terms of high, medium, or low or by using some other scheme.

		Competitive Advantage	
		Lower Cost	Differentiation
Competitive Scope	Broad Target	Cost Leadership	Differentiation
	Narrow Target	Cost Focus	Focus Differentiation

Strategy According to the Army (A Strategy Function)

Although developing a strategy is not an algorithmic exercise per se, there are certain anchor points for crafting some sort of strategic function or equation. A function that the military uses is depicted below:

Strategy = f(ends + ways + means)*

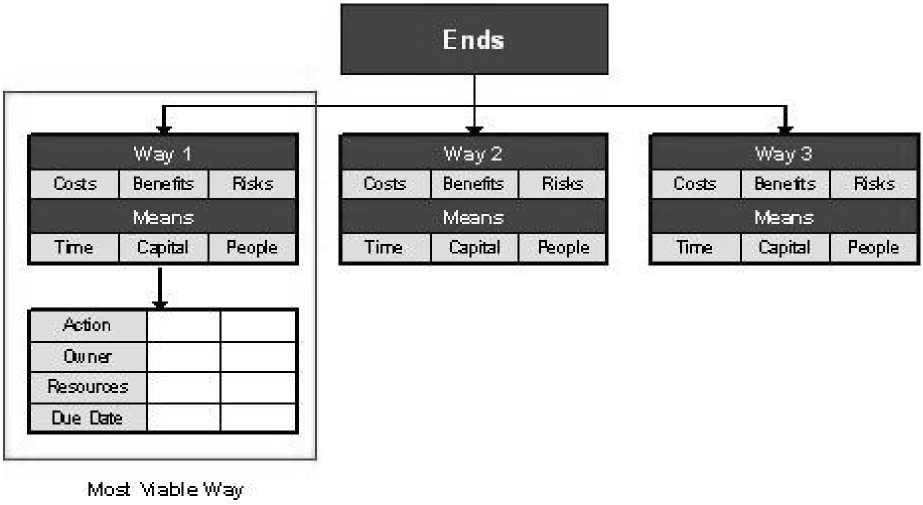
f: function
Ends: goal or objective (the desired or goal state)
Ways: the various options or approaches to reach the ends
Means: the resources, programs, or instruments utilized in the "way" to achieve the ends

As you think about crafting a strategy or helping a team develop one, the strategy model is a good bridge to begin the dialogue and discussion (see figure 2 for a graphical depiction). The key questions are axiomatic:

- What are the ends that you're trying to achieve?

- What are the various ways to reach your ends?

- What means can you utilize in executing the way to reach your ends?



As simple as the strategy function appears, however, it is important to remember that complexity results from combinations of simple elements. For example, all colors can be created from RGB (or red, green, and blue combinations). The genetic information of every animal is built from four nucleic acid bases.

In other words, the nuance and complexities of strategy can result when you have numerous ends, a multitude of viable ways, and various means, with each combination having an intertwining bundle of costs, benefits, and risks.

Defining Strategy

Per the title of this article, and in synthesizing the various strategy perspectives as outlined above, there are a number of key characteristics in defining strategy:

- A "way" to close a gap using certain "means"
- A system or pattern of unique activities, actions, or tactics aligned to a purpose
- A clear focus or position that involves trade-offs
- A "how" to achieve a "what" (goal or objective)
- The path, the course, the approach, the route to achieve some "ends"
- A "what-if" perspective (all angles; comprehensive and holistic)
- A general framework to accomplish something

Strategy has all of those characteristics and more. It is a composite concept that encompasses various ideas, perspectives, and approaches. As working definitions, however, the strategic equation and question set can help you to put it into action, along with having an operationalised set of metrics in which to measure, monitor, and track progress.

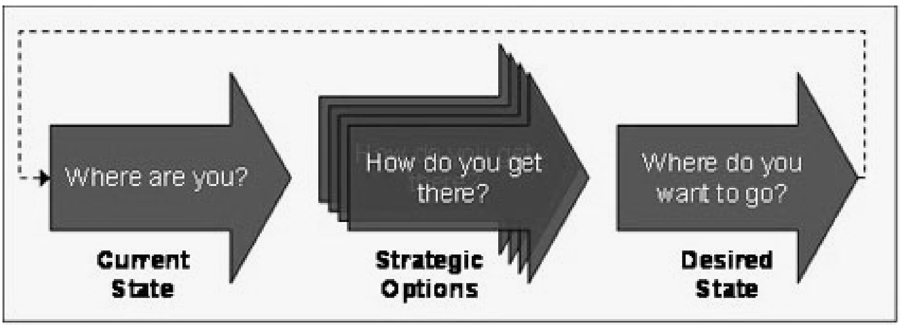
The Strategic Question Set

If strategy is all about how (the way) to get from where you are today to where you want to be in the future, then it's obvious that the strategic question set (as depicted in figure 3) comes up quite often in making business decisions. The strategy decision is analogous to deciding on the way to get from point A to point B—do you take a plane, train, automobile or boat, for example.

To reiterate, a prerequisite to crafting a credible strategy is having a clear understanding of your desired or goal state.

A goal is a general statement about where you want to be in the future. An objective is a more specific type of goal and is typically defined with measurable parameters. The idea of having SMART (Specific, Measurable, Achievable, Realistic, and Time-stamped) objectives is a ubiquitous concept in the business world. It should be unmistakable as to whether you have met an objective.

The strategic question set is not a "rocket science" concept to understand. The hard work is in the analysis, the synthesis, and the gaining of alignment with all the stakeholders, along with the issue of effectively executing on the strategic intent, vision, and plan.



Marketing Strategy

Developing a marketing strategy uses all of the tools, concepts, and definitions described above. Marketing has various ends or objectives that are relevant to its efforts, such as increasing market share, improving customer loyalty, or effectively launching new offerings. The marketing strategy is generally embedded within or subsumed under the larger corporate or competitive strategy, but it nonetheless is a strategic plan to achieve some sort of objective or end.

In an article about the meaning of strategy, Fred Nickols, a consultant, writes that "No amount of strategizing or strategic planning will compensate for the absence of a clear and widespread understanding of the ends sought."

In the tenth edition of his well-known textbook, *Marketing Management,* Phillip Kotler, after discussing how to set marketing objectives, outlines some key areas of a marketing strategy:

- Target market
- Positioning
- Product line
- Price
- Distribution
- Sales force
- Service
- Promotions
- Advertising
- R&D
- Marketing research

The key areas that Kotler delineates fit well with the following definition: A marketing strategy outlines the *way* in which the marketing mix (the *means*) is used to attract and satisfy (the *ends*) the target market.

In the process of defining the ends and vetting the ways, there is a whole set of activities around outlining a mission and vision, conducting a situation analysis, and creating tactics (actions) to execute on the strategy.

There is a plethora of material to read on how to develop a solid marketing strategy or a strategic marketing plan, but the fundamental bedrock will always go back to the essence of good strategy, which is this:

1. A clear and cogent articulation of the ends sought

2. A rigorous analysis and synthesis of the various ways to reach the ends

3. And a thoughtful presentation of the means that you can bring to bear in executing on the chosen way

It is important to note that a strategy should not be static; it is a dynamic process that involves continually scanning the environment and becoming fluent in the situational triggers that would suggest a change or adaptation. Thinking strategically is often like playing mental chess in terms of continually evaluating the landscape and making beneficial trade-offs or creative sacrifices to win the "game."

Some Foundational Questions

Whatever your definition of strategy is, the best companies continually ask the hard questions regarding their goals, objectives, strategies and actions. It is often the simple sounding questions as written out below that are among the most difficult for a company to answer. Successful firms, however, do not "hide" from them and continually attempt to answer the questions in a thoughtful and deliberate manner.

- Corporate strategy:
- What is your business?
- What business should you be in?
- What business do your customers think you are in?
- Who is your customer?
- What is of value to your customer?
- Competitive strategy:
- On what basis will you compete?
- What is your growth strategy?
- What product or services should you offer?
- Why do customers buy your offerings versus a competitor?
- Where are your customers migrating?
- What competencies and capabilities will you need to satisfy your future customer?
- What is your alliance/partner strategy and footprint?
- How is your industry changing?
- What are your competitors doing to leapfrog you?
- What will you do to leapfrog your competitors?

Putting It All Together

This article is intended to stimulate some critical thinking and provide an outline for understanding and dissecting strategy. To reiterate, strategy is both simple and complex, with many nuances and layers underlying the "way" to achieve an objective.

As Harry R. Yarger writes in a U.S. Army college monograph titled *Strategic Theory for the 21st Century: The Little Book on Big Strategy,* "Strategy is neither simple nor easy, but the good strategist seeks to express the logic of strategy in the simplest, clearest terms." Yarger continues by noting the following:

Strategy assumes that while the future cannot be predicted, the strategic environment can be studied, assessed, and, to varying degrees, anticipated and manipulated.... Thus good strategy seeks to influence and shape the future environment as opposed to merely reacting to it.... Strategists must think holistically—that is, comprehensively. They must be cognizant of both the "big picture," their own organization's capabilities and resources, and the impact of their actions on the whole of the environment. Good strategy is never developed piecemeal or in isolation.

Lastly, as important as analysis is to developing a good strategy, synthesizing the disparate data elements is often the hardest part. Quoting an unconventional war games strategist, Malcolm Gladwell writes in *Blink*: "If you get too caught up in the production of information, you drown in the data.... You disaggregate everything and tear it apart, but you are never able to synthesize the whole."

Developing a strategy is like a lot of things that we do: It's rarely a black-or-white effort and is often built on the back of a moving target.

"The journey of one thousand miles begins with one step."
Chinese proverb

10 QUESTIONS TO GROW YOUR BUSINESS

By now, you've set a working direction for the year, established clear-cut objectives. Your first-iteration plan to reach them should be in place. This now seems like an ideal time to rethink the whole thing, doesn't it? After all, one of the effects of internet time is that plans are subject to change just as soon as - or perhaps even before - they are written.

Along these lines of thinking, perhaps there are some items you missed. Maybe there are issues you didn't have time to consider, or even things your mind touched on, but quickly passed over to deal with more urgent and pressing events. If you are off-cycle, and on the verge of a new period, you can use this exercise ex ante, rather than ex post. To help you stimulate your neural pathways and hopefully create an idea or two, I offer the following thoughts for your consideration. These "considerations" are not sequenced in order of importance. I think they are all important.

1. How far in the distance is your planning horizon? Most companies today plan 12-24 months out, calling anything beyond that "vision." Internet time implies a shortened time frame for activities, but does that time-collapse extend to a shortened vision as well? How much have you thought about what you will accomplish this decade? What will be your company's impact on the millennium? (OK - perhaps millennium is too far out. What about the century?) You may say you have more pressing fish to fry. Your investors would like to see increased returns sooner than that. While this might be true enough, taking the long view can inform the short view, leading to greater returns for years to come. What do you see when you take the long view?

2. How are your prospects' needs going to change? How is their world affected by the dramatic increases in connectivity and the compression of time? What are you doing to understand their changing environment - their changing business issues? What are you doing to improve your customer's business under these slippery conditions? To take it one step further, what do your customers' customers want? While you are at it, you might stop to consider how your suppliers' needs are changing? Could those changes open up new opportunities for you, or darkly portend changes downstream totally derailing your business model? What about your distributors? Is their world shifting? Can you both benefit?

3. Who in your organization simply isn't contributing? As they say, your mileage may vary from individual to individual but everyone has the responsibility to go some distance, to make something valuable happen. Not everyone will make good on that implied promise. The often observed 80-20 rule applies to your staff as well: 20% of your people will produce 80% of the value.

That leaves 80% producing only 20%. Do the math: the bottom 10% of your organization produces almost nothing.

Who isn't making the cut? Should you be doing something about it? You may think it beneficent to provide that bottom percent with a paying job - don't. It isn't. The non-performers know who they are, but they won't cut the cord on their own. Do what you can to help them reach the bar, but if after a while they don't make it, set them free to find an environment in which they can succeed. Free up your own resources for people who make a difference.

4. Are you creating solutions to today's problems? What about next week's, next year's, or the problems of several years from now? How are you figuring out what those problems are going to be, way out there on the time horizon? Because the solution you sell today should certainly address today's problems, but the solutions on today's drawing board better not. Who in your organization is responsible for trend-tracking and forecasting?

Are you building scenarios for the future? What about prospect focus groups, or some other market-based feedback mechanism? Who is your resident futurist?

5. What do you believe about the business you are in? For most people this is a strange question - we rarely spend time thinking about our own beliefs. The collection of beliefs you hold about your business - what the Germans call Weltanschauung - is decisive in most of the choices you make. How much risk to take. What's risky and what isn't. What projects and initiatives to undertake. What kind of resources you need and whom to hire.

Whom to partner with, or should you have partners at all?

Cooperate or compete. How to treat your team. What your customers should expect from you.

How hard do you expect people to work?

All these decisions stem from your beliefs, and it will help you to make them explicit. Once you surface those beliefs, you can start to distinguish which are useful beliefs and which are not.

What is the benefit of a particular belief? Is this belief relevant to your current world, or is it a holdover from some past part of life? Then, when you are ready, you can experiment with new beliefs.

6. What are the obstacles to proceeding along your current path? Yes - you've set a plan in motion, and you are taking steps toward its achievement. But what roadblocks may rise up to stop you? What things could get in your way - foreseen and unforeseen? (I know, if it's unforeseen how are you going to see it? Use your imagination, that's the point of this exercise.)

Rank these obstacles in terms of likelihood, and then rank them in terms of severity. Consider how you might deal with them if they come up. The value of this is a) like the Boy Scouts, you are better prepared; b) you may illuminate issues you have been trying to sweep under the rug; and c) you just may invent a whole new approach to get where you are going, and it just might be better than what you are doing now.

7. What, if you only knew how, would you be doing? What would you do now if you had additional resources - and should the lack of resources be stopping you? What, if you were sure it would be successful, would you jump on right away? What would you begin immediately, if your resources were limitless? (Yes, limitless can be relative.) What are you betting the future of your company on? What would you be willing to bet the future of your company on?

8. What are the most important issues, right now? Make separate lists for issues in your market and issues in your company.

Which of these issues are you dealing with, which ones are on the backburner, and which ones aren't even in the kitchen? What are the processes you use to deal with these issues? Which issues are you ignoring, or hoping will go away?

What breakthroughs might be possible by addressing or resolving issues in the latter category? Where are you "resolving" issues by compromising? What possibilities are available by refusing to compromise, or by breaking your compromises? What old stories or old ways of looking at things make these compromises seem inevitable? Where could new technologies (either material, virtual, or societal) be applied to break these compromises?

9. What are you sacrificing to accomplish your current objectives? The definition of sacrifice is giving up something of value for something of even greater value. Did you intend to give up that thing of value, or is it a thoughtless byproduct of your other choices? Do not dismiss this lightly.

In your business there are a number of priority-conflicting critical success factors. These include profitability, product development, new sales, customer satisfaction, recruiting and retention, revenue growth, sufficient capital - which one gets the most attention? And in this operating cycle - will each area get the attention it needs? Even in a lower position of priority, these areas cannot be neglected. What isn't getting done that needs to be done and how are you going to do it?

10. What is the purpose of your organization? I don't just mean increasing shareholder wealth that simply won't inspire your people to greatness. What besides that - a given - is the purpose of your company. Purpose is not something you invent, it is there already - you have to uncover it. Why do you come to work each day? What do you hope to accomplish in the long run?

What about your executive team? Your individual employees - why do they come? What do they think they are doing each day? Do you know? Have you bothered to find out? You've just completed a planning cycle, and I'm asking what your purpose is! If you can't answer this question easily, now would be a great time to start.

Bonus question for consideration: Are there any questions I've listed above that you do not have easy answers to, but wish you did?

"The greatest discovery of any age is that a human being can alter his life by altering his attitude."

William James, US philosopher, psychologist (1842-1910)

INTRODUCING THE BENEFITS OF USING AN ENTERPRISE BUSINESS MODEL

The benefits of using an Enterprise Business Model was designed and created to facilitate discussion and action between Executive Management and interested parties which would enable positive, structured meaningful discussion to take place. The outcome of such discussions being to highlight opportunities in the highly competitive market environment in which the organisation operates to improve bottom line performance on existing levels of sales

I have set out to design and create an easily understood innovative business management tool, taking the printing industry as a case study, to assist company management by taking a very complex subject and treating it in a way that is easily understood. The principle is simple in that by making a significant on-going series of small efficiency and financial changes it is possible to illustrate how a printing business may achieve greater financial success and significantly reduce margin erosion. The objective of the software is to achieve a series of on-going one percent minimum efficiency gains in each area of business activities. There are hundreds of opportunities to improve the business.

The EBM is applicable to all sizes of company, from the small owner managed businesses to large group companies no matter what location, range of products/services produced or the processes employed.

The Enterprise Business Model (The EBM), in compact disk format is an exciting and ground breaking product that has been developed by a team of business people with over 100 years of combined experience in industry and allied trades. The EBM gives a comprehensive and detailed insight into the positive development of any business – showing how a variety of efficiency and financial improvements can be made, with step-by-step instructions, resulting in dramatic improvements on a daily basis in 'bottom line' terms. This is achieved by assisting differing levels of management throughout the organisational structure to recognise and achieve incremental improvements across the multiple activities of the business. By using this analytical tool, an insight into industry best practice is presented in a readily accessible, easy to use format. The EBM contains licensed material from the British Standards Institution in the form of BS EN ISO 9000 and BS EN ISO14001 together with the Business Excellence Model (EFQM) licensed by the European Foundation of Quality Management

Having managed successful businesses over many years, the author is aware of how lonely and sometimes difficult it can be as part of the senior management team when competing against continuing rising costs and daily business pressures in an ever changing and demanding market place. Experience has shown that because of the never-ending daily 'fire-fighting' exercises forced on many executives, there is little opportunity to quietly and effectively plan and implement efficiency and cost saving strategies - let alone to control the processes involved and to monitor the results for continuous improvement.

Often comments have been heard such as 'it has always been done that way', 'well that's the way it is done here', 'management don't seem to understand', and 'we cannot change anything'. Well, we have welcome news for people operating under such circumstances - there is positive help at hand and all that is needed is the courage to grasp the nettle and face up to some possibly daunting challenges. By accessing and implementing the industry best practice and principles contained within the EBM, the proven process of successful continuous improvement is not only possible but most definitely achievable - the rate of progress and degree of success is very much determined by the actions of the management team.

The principle of how the EBM is constructed

The principles of 'hierarchical breakdown' on which the structure of the Enterprise Business Model (The EBM) is based were formalised by the American Air Force to take complex systems and/or activities and break them down into a hierarchy of 'bite sized' pieces, which could be easily managed and understood.

The principles of hierarchical mapping can be applied to any business process, or business problem that is complex and needs to be easily understood, analysed and communicated. Prior to this, the results of any such process breakdown and analysis were documented in text on reams of paper, diagrams, and a number of inter-related complex flowcharts or a combination of such methods.

Using the developed principles of hierarchical structures, an Enterprise Business Model module is a series of process maps, illustrated as a series of 'mother and child' diagrams. The activity shapes, text and images on the diagrams can quickly be linked to child diagrams by creating a drill down until the subject of the module is fully explained and supported by explanatory documented information as appropriate.

A business process, no matter how complex, may be understood if it is broken down hierarchically into increasingly greater levels of detail, which when viewed together describe the whole picture.

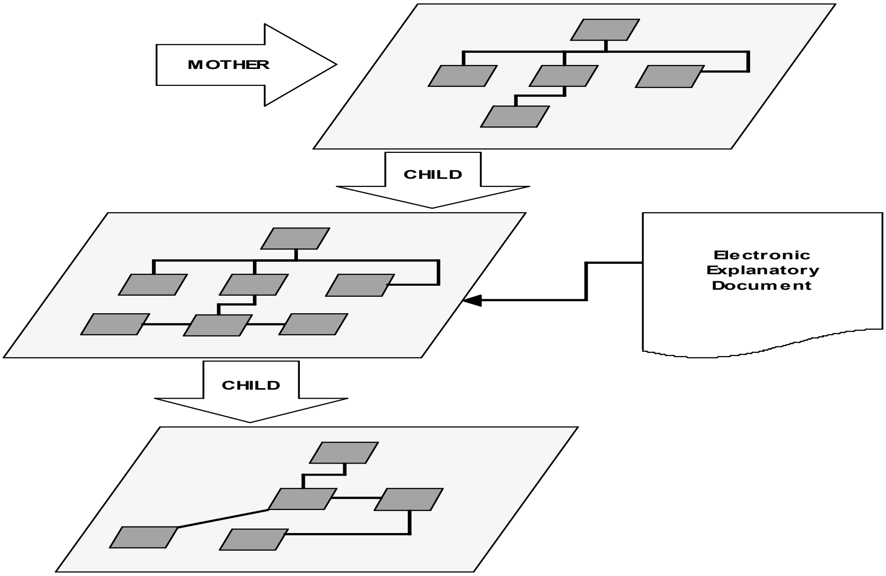


Illustration of the principle of mother and child diagrams

Unlock your Company's potential by introducing 'The Enterprise Business Model'

The Enterprise Business Model is business performance improvement software; there is no other business model available to compare with the power and detail of the EBM.

The EBM is about your business - to help you effectively compete more successfully in today's difficult market conditions. It enables the empowerment of management teams to structure and control the business to make more out of the sales you already achieve. Only your own determination and passion will limit the improvement to the overall performance of the business.

The EBM and 'Strategic Information Management'

The EBM clearly recognises the importance of Strategic Information Management.

It shows how you can implement the model into your business for long-term success and profit. The 'Enterprise Business Model' has been created specifically for any size of business by experienced, skilled and successful top management who very clearly understand what you are up against. If only this product had been available when we were in your position, how helpful that would have been – to an executive in need, the EBM is a friend indeed . . . !

The application of the principles and strategies contained within the EBM provides benefits including:

- The availability of an immediate and continuous reference source to help you focus in your decision making processes

- The use of a business tool which identifies cost saving ideas and industry best practice in all areas of your business (management information, manipulation and processing of data, production, sales, finance and the management of change)

- Identifying areas of your business to target to improve your business performance

- Illustrating in detail how to grow financial returns on a daily basis

- Assisting you to explore areas of your business to better understand how you can introduce business efficiency and control practices. Once decisions are made the EBM will illustrate the how, the why, and the way forward. This includes how to tackle the vital structured change management required for you to make the changes happen successfully to achieve the envisaged benefits on time and at the correct cost.

The Enterprise Business Model is about

- Your Business - To help you effectively compete more successfully in today's difficult market conditions

- A powerful, easy - to - use management tool packed with cost savings ideas and industry best practice

- Showing how to systematically improve your overall business performance

- Demonstrating how to achieve a greater financial return on existing levels of sales

- Enabling management to structure and control the business to make more out of what already exists

- By using the 'Enterprise Business Model' the results you achieve will only be limited by your own determination and passion to improve the financial performance of your business. *The EBM shows you the way, the how and the way forward for success.*

The EBM is a 'complete' view of a business enterprise and shows how it is possible to implement the model into the business for long-term success and profit.

The benefits of the EBM as experienced by a printing company for example include;

- Operating a business tool which identifies cost saving ideas and industry best practice, based on the principles of the EFQM – European Foundation Model for Business Excellence

- Helping the company compete more successfully in today's challenging market conditions

- Identifying areas of the business to target to improve business performance

- Illustrating how to grow financial returns on current sales

- Exploring a variety of business areas to better understand how improved business control practices may be introduced.

and in addition . . . .

- Executive staff has a readily available reference source of business and management-proven best practice. The EBM helps to give a 'helicopter view' of the business.

- A desktop pocket consultant - to assist delivery of the business strategy, by setting the direction and objectives based upon customer's needs and the resources needed to accomplish them.

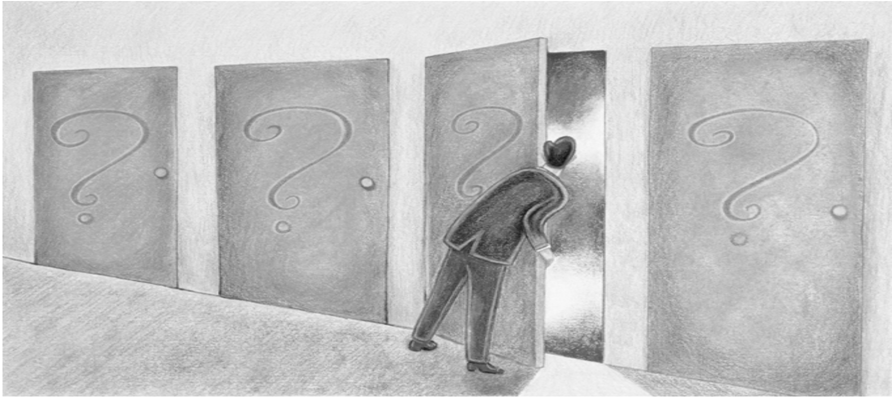
- Aid for reviewing company performance in production, sales and finance - with a focus on what can be improved and how it can be done. It shows how and where to collect production and job-tracking information and provide the reports for management - essential for lean manufacturing control

- Provides an operational model for achieving consensus in the management team to successfully deliver the strategy and set the principles for improving performance

- Guide to successful management of change within the company and as a vehicle for gaining commitment of the workforce

- Setting the basis for continuous performance improvement and cost reduction, by making a series of 1% efficiency and financial gains throughout the business

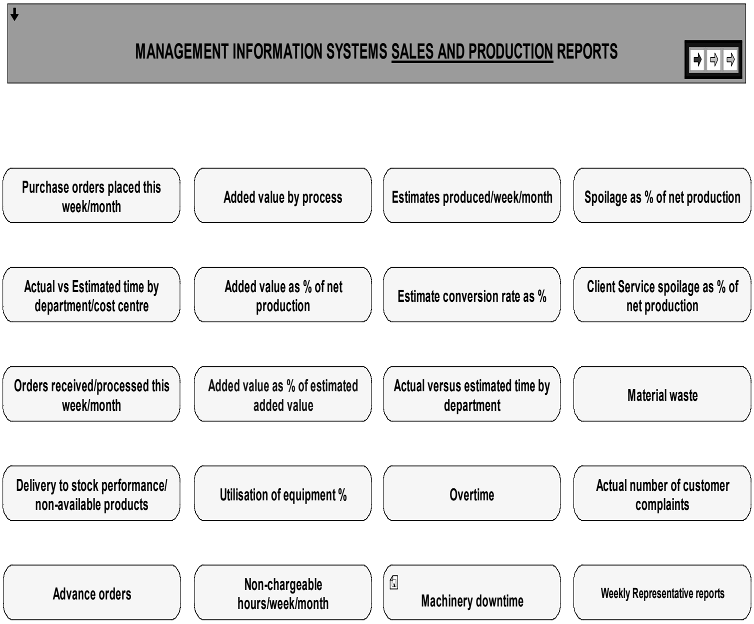
- Identifies and illustrates how to make utilisation and efficiency improvements in production processes



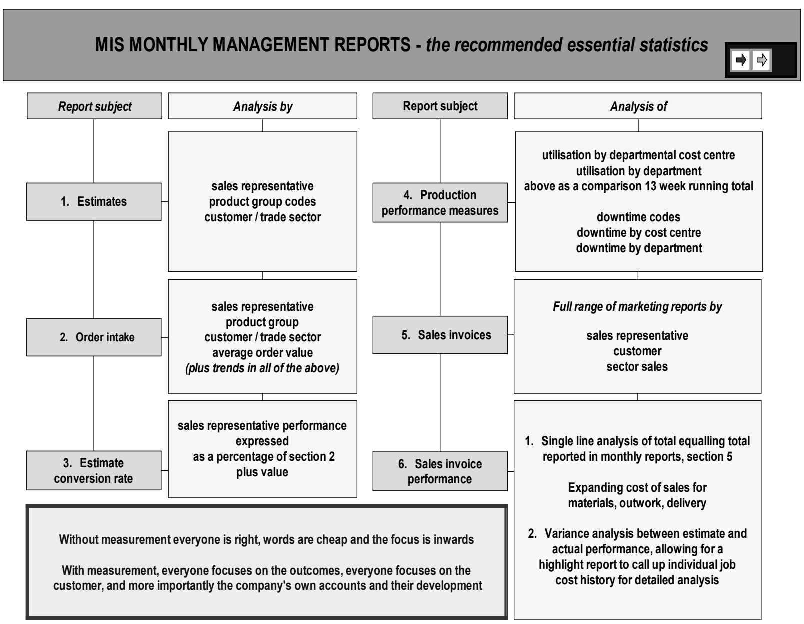
RECOMMENDED REPORTS AND KPi's

Sales & Production KPIs

These are the recommended reports that should be tracked monthly and compared with previous and average month/year performances. Most MIS models produce these reports as a matter of course.

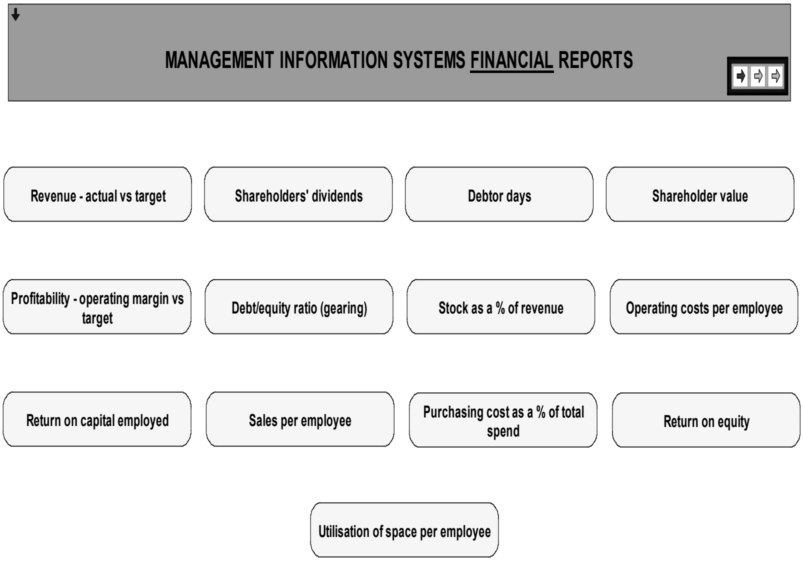


Recommended Monthly Checks or KPIs



These are the recommended reports that should be tracked monthly and compared with previous and average months/years performances.

Some key Financial KPIs to track



These are the recommended reports that should be tracked monthly and compared with previous and average month/year performances. Imprint systems already produce these reports as a matter of course.

Financial KPIs

Definition of Added Value / Value Added

Selling price *less* **materials and outwork** *equals* **value added** (what you keep)

Value added *less* **direct wages** (what you pay) *gives* **contribution** (to overheads and profit)

Performance ratios

Added value / sales *(Proportion of sales you keep)*

Added value / wages (*A ratio of financial productivity)*

Contribution / sales *(What is left of sales going to overheads and profit)*

FINANCIAL DEFINITIONS (for Financial KPIs)

Sales per head are calculated from the gross value of sales (excluding VAT and the sale of fixed assets).

Value added per head is the value you add to the purchased raw materials and outside services through your manufacturing output. It is calculated from sales less the cost of direct materials and outwork.

This is a useful measure in that it removes any anomaly due to high or low direct charges for material and outwork content. This ratio is generally considered a better measure of labour productivity than sales per head.

Value of output per head is calculated from sales plus closing work in progress, less opening work in progress. This is a good measure in that it removes any fluctuation in sales due to movement of work in progress. It should be noted, however, that this ratio might not allow for any resulting profit (or loss) on work in progress.

Value added to sales. This is an important ratio because it measures the direct materials and outwork content of sales in terms of a percentage.

Sales to wages. This is an important ratio because, after direct materials and outwork costs, wages are the highest individual cost of production. However, extreme care needs to be taken in the interpretation of this ratio as direct materials/outwork costs impact on any ratios that involve sales. This helps you determine the comparative influence of direct costs and wages on sales.

Value added to total pay is calculated from sales less the cost of direct materials and outwork divided by total pay. This ratio indicates whether you have paid more or less wages for the level of production achieved.

Sales over operating assets give a good indication of how fast capital is being turned over. Generally the greater use made of capital the better, because it is a gauge of the use of both fixed and current assets and means that resources are not idle but earning.

Value added over operating assets is another good indicator of how effectively capital is being used. It is sometimes argued that it is a better measure than sales over operating assets because it eliminates direct materials and outwork, and thereby discloses capital usage relative to the wealth created by the business.

Capital employed per head is an indication of the amount of capital investment relating to total employees. The higher the ratio, the greater the amount of capital employed and the need for a good use of capital. Capital employed is shareholders funds plus long term loans plus other long-term liability.

The profit ratios are a measure of a company's overall profit performance rather than labour productivity. They provide four different ways of measuring the same profit figure, and thereby give a wider perspective on a company's overall performance.

Two measures of profit are made. The first ***'net profit before financing charges are made'***, is very specific – 'net profit before tax and before taking account of depreciation, leasing charges, interest charges, profit or loss on sale of fixed assets or miscellaneous income or expenditure not arising from trading activities'. This definition removes the variation that can occur in depreciation and other policies concerning financial charges, thereby creating a more standardised measure.

The second, ***'net profit after financing charges are made'***, is the final net profit before taxation figure, usually to be found in company accounts. It takes into account depreciation, leasing charges, interest charges, profit or loss on sale of fixed assets or miscellaneous income or expenditure not arising from trading activities.

Net profit (before financing charges) to operating assets is generally regarded as the most important of all profitability ratios, as it encompasses all other ratios. The ratio illustrates not only how much profit has been made, but also how well the capital has been employed.

Net profit (before financing charges) to sales is one of the most widely used ratios, primarily because of its simplicity, and also because sales are seen as the key to profitability. This ratio is used as a test of the profitability of sales and represents the amount of profit on every £100 of sales.

Net profit (before financing charges) to value added removes both the material and outwork content from sales and because of this, the formula provides a more standardised approach to performance measurement than the ratio profit to sales. It can assist in the interpretation of profit trends.

Net profit (before financing charges) to capital employed shows the return earned on the capital invested in the business, before taking account of depreciation, leasing charges, interest charges, profit or loss on the sale of fixed assets. This result can then be compared with what could have been derived from an alternative form of investment.

Net profit (after financing charges) to operating assets provides a comparison between the return on money invested in the business, and what might have been obtained from outside investments.

Net profit (after financing charges) to sales is a demonstration of the average profit margin obtained on sales.

Net profit (after financing charges) to value added indicates the average profit margin derived on value added.

Net profit (after financing charges) to capital employed provides a comparison with the return that could be earned outside the organisation after accounting for depreciation, leasing charges, interest charges, profit or loss on the sale of fixed assets.

FINANCIAL FORMULAE (for Financial KPIs)

Formulae

1) **Sales per head** = Sales/Number of employees

2) **Value added per head** = Sales – (Direct materials + Outwork)/Number of employees

3) **Value of output per head** = (Closing work + Sales) - Opening work/Number of employees

4) **Value added as a % of sales** = Sales - (Direct materials + Outwork) x 100 / Sales

5) **Sales per £ of wages** = Sales/Wages

6) **Value added per £ of wages** = Sales - (Direct materials + Outwork) / Wages

7) **Sales over operating assets** = Sales / Fixed Assets + Current Assets

8) **Value added over Sales - (Direct material + Outwork) /operating assets** = Fixed Assets + Current Assets

9) **Capital employed per head** = Capital employed / Number of employees

10) **Net profit before financing charges =** Net Profit before charges x 100 as a % of operating assets / fixed assets + Current assets

11) **Net profit before financing** = charges + Net Profit before charges x 100 as a % of sales

12) **Net profit before financing charges** = Net Profit before charges x 100 as a % of value added = Sales - (Direct material + Outwork)

13) **Net profit before financing charges** = Net profit before charges x 100 as a % of capital employed / Capital employed

14) **Net profit after financing charges** = Final net profit x 100 as a % of operating assets /fixed assets + Current assets

15) **Net profit after financing charges** = Final net profit x 100 as a % of sales / Sales

16) **Net profit after financing charges** = Final net profit x 100 as a % of value added Sales - (Direct material + Outwork)

17) **Net profit after financing charges** = Final net profit x 100 as a % of capital employed / Capital employed

For comprehensive information on the 'Enterprise Business Model' visit the website: www.cavendish-mr.org.uk

"It is better to light a candle than to curse the darkness."

Confucius, Chinese philosopher, teacher (551-479 BC)

THE ORGANISED EXECUTIVE WILL BE SUCCESSFUL

Successful executives manage four key areas of organisation -- time, information, projects and people. When they do, they experience the "four C's" of personal organisation: confidence, clarity, comfort and cohesion. To manage time, a disciplined process of daily planning that consists of five basic steps:

- Allocate time each day to recap the day and plan for tomorrow.
- Make it quality time by using a checklist agenda.
- Recap the day.
- Process all new paper, voice and e-mail messages.
- Plan tomorrow.

To manage information:

Use an L-shaped desk with a credenza behind you. Four trays go on the credenza. Three hold (in order) documents to work on during the day, documents pertaining to projects in progress and pending items. The fourth serves as your outbox. Your desk should be clear of everything except the documents you are currently working on.

Use a "43" file system to manage recurring paper -- the documents you need to see again, but not today. The term "43" comes from having a separate file for each day of the month (31) and each month of the year (12). I know, February is either 28 or 29-day month!

Use a labelled filing system (in a stand-alone file cabinet) to hold non-recurring documents that you need to see again but only when the situation calls for it. To effectively manage projects, use private work time (PWT), a concept whereby you make yourself unavailable to others in order to focus solely on your commitments.

To implement PWT:

- Allocate and schedule five to ten hours per week to work solely on your projects and commitments.

- Predetermine the project tasks to be completed during each PWT session.
- At the appointed time, close the door and turn off the phone. If necessary, put a sign on your door so people know not to interrupt.
- Change your voice mail message to reflect PWT.
- Prior to each PWT session, walk the floor and take care of any issues before making yourself unavailable.
- Accomplish what you set out to do.

People management revolves around three areas: interruptions, direct report briefings and effective meetings. To reduce or eliminate interruptions, establish a standard operating procedure on internal interruptions and diagnose prior to causing or receiving every interruption. If the situation is urgent and important, interrupt. If not, use voice mail or e-mail or hold the interruption for a more appropriate time. Executive briefings involve weekly sessions (15 to 30 minutes) with each direct report.

Each briefing should follow an agenda that includes:

- A progress report and update from the direct report
- Discussion of issues needing your advice and support
- Anything you want to delegate to the direct report for the next seven to 14 days
- Any remaining miscellaneous items

To run more effective meetings:

- Never conduct a meeting without an agenda.
- Always start and end on time.
- Encourage participation from everyone.
- Assign a designated note taker.
- Gain clarity and agreement on all assignments at the conclusion of the meeting.

The CEO as Coach

Coaching as "an alliance designed to promote life-long learning and help people to become more effective and feel more fulfilled." It is a developmental process that raises people's awareness and encourages them to try new behaviours, new ways of learning and new ways of relating. It nurtures a sense of responsibility, enhances problem-solving skills, fosters goal setting and builds implementation skills and more effective work habits.

The benefits of coaching include:

- Improved retention
- Better performance accountability
- Succession planning
- Truth-telling
- Reinforced culture
- Reduced employee conflict

Coaching leads to many positive outcomes at the individual and organisational levels.

For individual employees, coaching:

- Leads to breakthroughs on personal bottlenecks that limit performance
- Brings performance to its highest capacity
- Helps employees understand the intersection between themselves and their jobs
- Creates enormous gains in emotional intelligence and effectiveness in people's entire interpersonal domain.

At the organisational level:

- Problems are no longer tolerated, covered up and allowed to snowball.
- The level of trust and motivation rises.
- People get better at telling the truth.
- Coaching removes barriers to people's performance.
- Performance of the management team improves dramatically.

Three conditions must exist before any company can realise the benefits of coaching.

- Coaching must be introduced as a developmental, not as a deficit or fix-it, tool.
- Confidentiality must be respected in all coaching situations.

- Coaching must be voluntary.

The Art of Coaching

Method of coaching, called the "Coaching Conversation" consists of five distinct steps.

- Establish goals.
- Promote discovery.
- Determine a course of action.
- Authorise and empower.
- Recap.

Putting this process to work requires the following skills:

- Contextual listening -- listening beyond the words and paying close attention to tone of voice, body language and other non-verbal communication
- Discovery questioning -- asking open-ended questions that come from a non-expert position
- Truth-telling -- laying reality out on the table for the coach and the "client" to see
- Gap bridging -- clarifying where the client is and where they need to go, then identifying what they need to do to close the gap between the two
- Celebrating -- affirming and celebrating the client's accomplishments as you move through the process.

Conflicts often arise during coaching conversations. In those situations, always confront the issue rather than the person.

- Get clear on what you want and why you want it.
- Identify your contribution to the problem.
- State what you want, your reasons for wanting it and your possible contributions to the problem.
- Seek to understand the other person.
- Check to see if you have learned something significant from the other person.
- Return to step three and make any changes you believe will further the conversation.

On occasions, coaching conversations can venture into areas so sensitive that the person being coached refuses to discuss the issue. Using a risk manager can help the person open up and address the issue. To create a risk manager:

- Identify the issue being avoided.
- Identify the risks associated with the issue.
- Create a risk manager (a mutual agreement to monitor and reduce the level of risk during the conversation).
- Address the issue.
- Manage any new risks that arise.
- Integrate the process.
- Understanding Organisational Change

Managing large-scale organisational change starts with understanding your role as change leader, the different phases of organisational change and some fundamental change management principles. During major organisational change, CEOs need to wear several different hats, including:

- Change sponsor
- Sales agent
- Change target
- Cultural touchstone
- Change energiser

Major organisational change occurs in three distinct phases: endings, the neutral zone and beginnings. Managing change during each phase requires different techniques to minimise resistance and keep people focused on the desired future state.

Endings

- Acknowledge what people are losing.
- When possible, compensate people for their losses.
- Provide plenty of information about the change and why it is needed.
- Identify what is over and what isn't.
- Treat the past with respect.
- Set limits.

Neutral Zone

- Normalise the change.
- Continue to communicate in as many ways as possible.
- Monitor the transition process.
- Lead by example.
- Prepare for sabotage.

Beginnings

- Provide the four P's:
- Purpose. Explain/reiterate the purpose of the new.
- Picture. Paint a picture of the benefits.
- Plan. Lay out a step-by-step plan for the change.
- Part. Give each person a part to play so they know why it is important to join the team.
- Use reinforcement in all forms.
- Clarify the mission.
- Address the issue of trust.

In addition to managing the phases of organisational change, paying attention to the following fundamental change principles will enhance your chances for success:

- Change is a process, not an event.
- Change for change's sake is pointless.
- Resistance is normal.
- Don't take resistance personally.
- Communication is the key to success.
- Plan thoroughly.
- Make no assumptions.
- Be realistic.

If you ignore these critical areas, the change effort loses its momentum and you never really get there, or you get there but not in the way you envisioned.

Pulse Points for Organisational Change

Leading your organisation through major change requires managing 30 "pulse points" -- areas of leverage that, if not properly attended to, can derail the entire change project. Of these, eight have the most immediate and long-lasting impact on the change effort.

Understand the notion of "unfreezing." People can't move toward the new until they let go of the old. It's your job to help them unfreeze.

Identify the level of change. In general, organisations go through three levels of change. Level-one change involves doing more of what you are already doing. Level-two change alters the way people work. Level-three changes are forced upon the organisation by top management, outside agencies, market conditions or environmental factors.

- Clarify and optimise key roles. To successfully implement level-two and level-three change, companies must make sure three essential roles are filled:
- Authorising leaders decide what gets done, by whom and by when.
- Change agent leaders have the knowledge, skill and position to manage the process of implementation.
- Sustaining leaders serve as liaisons between management and frontline employees.

Clarify the direction. To get people to buy into the change, clearly communicate the plans, goals and objectives of the change as well as the perceived benefits.

Communicate the need for the change. Setting the vision, mission and goals will not suffice to bring about level-two or level-three change. You must also help your people see why the present condition is unacceptable.

Manage resistance. Resistance to change is normal, natural and healthy. However, unless you manage resistance, it will derail even the best planned of change efforts.

Make good decisions. How and when decisions are made during the change process has a huge impact on the ultimate outcome.
Ensure all stakeholders have the necessary competencies. To effectively lead change, managers need five distinct competencies:

- Technical
- Interpersonal
- Leadership
- Management

- Business/contextual

Above all, the CEO must stay connected for the duration of the change. Otherwise, people begin to think that you don't consider the project important and all momentum slips away.

Managing Resistance to Change

Resistance is a normal part of the change process. The keys to managing it, are knowing what to expect, identifying the various kinds of resistance and putting plans into place to deal with them. People resist change for many reasons, including:

- Not involved in planning the change
- Personal disruption
- Don't understand the benefits
- Disagree with the change
- Fear of the unknown.

Identify three specific types of resistance as the primary culprits in torpedoing change initiatives:

Dependency. Dependent employees won't take the initiative, they blame others and they refuse to take responsibility for their performance. They expect management to solve all their problems.

Counter-dependency. Counter-dependent employees refuse to follow rules and procedures even when they make sense for everyone involved.

Fear. When people get scared, they resist.

To manage dependent and counter-dependent behaviour, simply confront the employee, explain that you don't tolerate that kind of behaviour and try to get them to grow up. If they refuse let them act like a four-year old in someone else's company. To help manage the fear, formal "grouping management sessions" whereby employees can voice complaints and concerns about the change process.

The following strategies for managing resistance:

- Honour the resistance; don't pretend it doesn't exist.
- Don't personalise the resistance.
- Identify the available resources.

- Manage according to the change phase (endings, neutral zone, and beginnings).
- Recognise your personal advantage.

Gently but firmly keep your people focused on the future.

Ultimately, managing resistance often comes down to the "three C's":

- Carry people who don't want to make the change.
- Coach people to deal with the change.
- Can (fire) those who refuse to make the change.

The difference between managing change well and managing it poorly often depends upon how well you plan for and manage the resistance.

By understanding it and taking it into account every step of the way, you will dramatically improve your chances for success;

- Ensure that the company has timely and accurate accounting and reporting systems.
- Identify the right numbers/key indicators to watch.
- Know how to read the key financial documents: balance sheet, income statement and cash flow statement.
- Manage cash flow.
- Use financial information to forecast the future.

Perhaps the biggest mistake entrepreneurs make (after running out of cash) is thinking that financial management involves only looking at the past. Yes, the numbers tell you what happened in the previous month or year, but that's only half the story. Smart CEOs use the numbers to forecast the future and make better management decisions going forward.

CEOs need to adopt a forward-looking approach, especially when it comes to knowing which financial management activities to delegate and which to hold onto.

In most small to mid-size companies, controllers and CFOs focus primarily on tactical activities, such as closing the books in a timely and accurate manner, preparing financial reports, managing accounts receivable and payables, conducting comparative analysis and benchmarking your company against industry figures. The CEO's job is to use the financial information they provide to look into the future and generate action plans to improve the company's performance. That's a role you can't delegate to anyone else.

The ultimate goal for CEOs is to develop financial "intelligence," the ability to scan the horizon at the HIGHEST level, develop a big-picture perspective, and take appropriate action to improve the company's financial performance.

Developing a Sound Financial Plan

A financial plan should contain three specific segments: historical analysis, a three-year plan and a one-year plan. In addition, the financial plan should also include analytical narrative - your analysis of what the numbers tell you - and the assumptions that underlie your projections.
To conduct the historical analysis, gather financial data for the past three to five years from the balance sheet, income statement, cash flow statement and selected financial ratios.

One of the best formats for gathering and interpreting this kind of financial data is the trailing 12-month chart because it allows you to see trends over time. Once you have the information, you can identify issues and outline solutions in your plan.

The three-year plan provides a tool for looking into the future and determining how your company should perform. More important, it allows you to grow the business without running out of cash. To develop a three-year plan:

Project the income statement. First, develop a sales forecast and determine your expected gross margin percentage. Then estimate you're operating expenses and use all three figures to determine your projected profit (or loss).

Project the balance sheet. If your projected net income plus the increase in variable liabilities equals or exceeds the increase in variable assets, the company will have the resources to finance itself. If not, you will have to obtain additional financing.

Project cash flows. Using the information in steps one and two, project how these numbers will impact your cash flow, paying special attention to how much new debt or equity you will need to inject into the business and when.

Project key balance sheet and income statement ratios. You never want to grow at the expense of the balance sheet, and if your projected ratios show a weaker balance sheet, rethink your projections. Or, start looking at ways to cut costs, improve margins and run a leaner operation.

The one-year plan involves the same steps as the three-year plan, except projected on a monthly rather than an annual basis.

A good financial plan provides a detailed picture of what is really going on in the business, establishes a benchmark by which to measure your financial performance and tells you when you are getting off track. With that information in hand, you can take action before serious financial deterioration occurs.

I suggest adding one step to your financial plan - a "ROI payback analysis." This forces you to answer the question, 'If I invest money in this company, how fast will I get paid back and what are the action plans that will get me there?' If you're comfortable with the answer, go ahead with your plan. If not, don't invest until you can develop a plan you can live with.

Developing Financial Discipline

The financial success for a business consists of five elements:

- Sustaining profits
- Maintaining a strong cash position
- Building a healthy balance sheet
- Providing adequate return to stakeholders
- Establishing a value that is transferable

I also believe that these items above don't happen by themselves. Instead, they come about as the result of practising financial discipline in the business. To build a culture that supports financial discipline:

- Establish a reliable financial reporting system.
- Segment your business by product lines, markets and customers.
- Benchmark your financial performance against a standard.
- Focus on the gross margin.
- Have an accurate direct costing system.
- Drive velocity through the balance sheet.
- Measure your cash cycle and manage it.
- Forecast working capital and arrange your growth financing well ahead of your needs.
- Build value by establishing targets for EBITDA earnings.

Drive accountability and communication throughout the organisation with scorecards and key indicators.

Financial discipline also requires aligning the financial side of the business with your strategy. This involves building financial models and templates predicated on a strategic model that answers three questions, 1)"Whom are we going to sell to? 2) What are we going to sell? 3) How are we going to sell it?" Once you answer these questions, put some numbers to your answers and drive a financial model so you can build relationships with the alternative financing sources you will need as you grow.

The final piece of the financial discipline puzzle involves translating your financial goals into specific behaviours that get the results you want. This requires quantifiable, measurable action plans so you can track performance and course-correct and counsel when necessary. I also recommend using performance-based compensation to get your people tied into the result.

Key Financial Management Ratios

In and of themselves the raw numbers on your balance sheet, income statement and cash flow statement have limited value. Of far more value, are certain ratios that can be extracted from these documents? The secret to effective financial management lies in knowing which ratios to track and what they tell you about the state of your business.

Too many CEOs look at gross sales and revenues on the income statement and nothing else. If sales look good, they figure everything else must be in order. In reality, you can have healthy sales growth and still be headed for financial disaster. The only way to know that is to pay attention to the ratios that tell you what's really going on in the business.

The balance sheet gives the truest measure of a company's overall health. Unlike the profit and loss (income) statement, which is a historical recording that never changes, the balance sheet is a living, breathing document that changes on a daily basis. The three most important balance sheet ratios are:

- Current ratio (Current assets/current liabilities)
- Quick ratio ([Cash + receivables]/current liabilities)
- Debt-to-equity ratio (Net worth/total liabilities)

The current and quick ratios measure the company's ability to survive a short-term financial crisis. The debt-to-equity ratio (also known as the safety ratio) measures the company's ability to survive over the long-term. If sales and revenues continue to climb while these three measures show a decline (a scenario that happens all the time in fast-growth companies), you have a real problem on your hands.

The P&L statement focuses on revenues, expenses and net income (or loss) over a defined period of time. It measures the company's ability to turn sales/revenues into profits, a key ingredient for long-term success. The most important P&L formulas as:

- Gross income (Revenues -- cost of goods sold)
- Gross margin (Net sales -- cost of goods sold)
- Net operating profit (Gross margin -- SG&A expenses)
- Net profit (Net operating profit + income) - (other expenses + taxes)

The gross margin is the most important ratio on the P&L. If you lose the gross margin battle you can do a lot of other things right and still go out of business.

Key operating ratios combine information from the balance sheet and income statement to provide a more sophisticated look at what is happening with the business. These include:

- Gross profit ratio (Gross profit/sales)
- Pre-tax profit ratio (Pre-tax profit/sales)
- Sales-to-assets ratio (Total assets/sales)
- Return on assets ratio (Pre-tax profits/total assets)
- Return on equity ratio (Pre-tax profit/equity)
- Inventory turnover ratio (Cost of goods sold/inventory)
- Days in inventory ratio (Inventory turnover/365 days)
- Accounts receivable turnover ratio (Sales/accounts receivable)
- Collection period ratio (Accounts receivable turnover/365 days)
- Accounts payable turnover ratio (Cost of goods sold/accounts payable)
- Payable period ratio (Accounts payable turnover/365 days)

These ratios illustrate how efficiently your company generates and uses cash. They also tell you what's happening to your cash flow now and what's going to happen to it in the near future. The whole purpose in studying ratios is to make them better. To improve your balance sheet:

- Speed up inventory turnover.
- Consider leasing rather than purchasing equipment.
- Reduce the time it takes to collect receivables.

- Get increased payables terms.

To improve the income statement:

- Leverage sales over fixed costs.
- Increase gross margins.
- Review pricing opportunities.
- Use zero-based budgeting.
- Compensate people for productivity instead of time.
- Outsource when it's economically advantageous.

Key Indicators: Tracking Your Way to Financial Success

One of the primary jobs of management involves reading the trail signs (key indicators) and taking appropriate action to make the company more successful. To use key indicators to their full potential, I recommend five basic steps:

- Identify the right measures.
- Use the right increments.
- See the big picture.
- Anticipate the future.
- Take action.

Every business should monitor a core set of financial key indicators from the income statement, balance sheet and cash flow statement. These include:

Income Statement

- Net sales (Pound/Euro/dollar growth and percent increase)
- Gross profit margin
- Pretax earnings (Pound/Euro/dollar growth and percent increase)
- Operating expenses (SGA) as a percent of sales

Balance Sheet

- Receivables turnover
- Inventory turnover
- Debt-to-equity ratio
- Total equity dollars

Cash Flow Statement

- Operating cash flow
- Investing cash flow
- Financing cash flow
- Ending cash

Tracking these indicators will keep you tuned in to the financial side of the business. I also recommend tracking certain "non-financial" indicators that have a substantial impact on your company's financial performance. These include:

Sale

- Number of transactions per unit time
- Average sales Pounds/Euro/Dollar per transaction
- What causes sales

Operations

- Number of widgets produced
- Average cost per widget
- Number of widgets sold

Customers

- Customer satisfaction index
- Number of customers
- Number of new customers
- Ratio of new to existing customers
- Average sales per customer

Market

- Percentage market share

"Key-thing" mix change (percentage)

(Note: "key-thing" as the mix of business in terms of product line, customer segments, geography or the value-added you provide different customers.)

- New product growth (percentage)

Employees

- Number of employees
- Employee retention
- Average sales per employee
- Number of net new positions

One of the most important non-financial indicators any business can track is "what causes sales" or "what causes growth. Why? Because by tracking the activities that cause sales and growth to happen, you can identify problem areas and take corrective action long before sales actually decline. The activities that cause sales and growth vary from one company to another. Examples include the number of telemarketing calls, number of sales feet on the street; spend on advertising, volume of direct mail, number of RFPs submitted or number of contract bids.

The trick is to identify the right activity for your business.

Don't make the mistake of thinking you have five or ten things that cause sales. Every business has one primary activity that causes sales to happen. And don't confuse marketing activities with sales. Identify the one thing that has to happen in order for sales to occur in your company and start tracking it on a 12-month trailing chart basis. Then watch your ability to predict and produce the sales you want grow by leaps and bounds!

Once you get comfortable using the "what causes sales" key indicators I suggest using it for all non-financial indicators. What causes operations to improve? What causes an increase in market share? What causes customer satisfaction? What causes employee satisfaction? Answer these questions and then track your answers. That is how you determine the most appropriate key indicators for your business.

Managing Cash Flow

Many CEOs pay far too little attention to the cash flow statement, usually turning to it after the income statement and balance sheet, if at all. Such an approach, however, may put your business at risk. If you run out of cash, the game is over. For that reason, you must attend to cash flow at all times.

The cash flow statement is typically broken down into three categories: operating, investing and financing cash flow. Added together, they determine the company's overall cash flow. Like the balance sheet and P&L, the cash flow statement typically comes out once a month. However, I strongly recommend tracking cash on a daily basis, especially for companies having cash flow problems. To keep close tabs on your cash flow:

- Review the cash flow statement once a month.
- Look at your receipts and disbursements on a daily basis.
- Know how much cash you have in hand and how long it would last if the money suddenly stopped coming in.
- Know how much working capital you will need for the next one, three and five years.

While watching the daily cash flow is essential for survival, also cautions against overlooking the long term. As companies grow, they tend to outgrow their people, systems and cash. You can fix the first two, but running out of cash will put you out of business. For that reason, you have to understand how much cash you will need to grow the business and plan accordingly.

To improve your cash flow:

- Collect your receivables on time.
- Negotiate better terms for your payables.
- Work to increase inventory turnover.
- Work to increase sales of high-margin products.
- Use performance-based compensation.

Improving Your Financial Management Skills

To take your financial management skills to the next level, I recommend several tracking tools and financial management practices.

Tracking tools:

Best financial tool. This three-page report includes summary information from the income statement, balance sheet, and cash flow statement for the month-ending, year-to-date and full calendar year. The page with the income statement summary also includes a reforecast for the full year. The best financial tool causes you to look at the income statement, balance sheet and cash flow statement at the same time, which gives you a quick snapshot of the company. More important, it allows you to see what the rest of the year will look like before it happens and take appropriate action as necessary.

Four charts "cause-and-effect" tool. This tool combines four charts on one page to give a quick overview of selected key indicators. It also enables you to better manage critical indicators by tracking and managing the activities that cause those indicators. For example, suppose you want to improve pre-tax earnings. First identify what causes pre-tax earnings (i.e., net sales, gross profit margin percent and operating expenses as a percent of sales). Next, track these indicators (along with pre-tax earnings) using a trailing 12-month chart. Finally, combine all four charts onto one page. By tracking and managing the three "cause" indicators, you will automatically cause pre-tax earnings to go up.

Sustainable growth rate. This tool involves figuring out how fast you can grow without running out of cash or damaging the balance sheet.
Z score. The Z score gauges how near or far a company is from insolvency at any given point in time.

Best practices:

Track "dissatisfies." Example, track late deliveries with gross profitability and find a high correlation between the two. When delivered on time, customers were happy and the company could get a great price. When the company on-time delivery rate slipped, so did margins. The company was built around on-time delivery and they get the margins needed to stay profitable.

Defend yourself! Present and defend your pricing strategy and your capital strategy (debt versus equity in the business). Have your fellow Directors ask questions and challenge your thinking so that you get the absolute best pricing and debt-to-equity mix in your business

Continually improve your reporting process. The goal with financial reports is to modify and improve management behaviour. Have your financial people continually look for new ways to help you see what you don't see.

Don't buy into seasonal business cycles. When conducting financial planning, don't automatically succumb to the seasonally of your business. Instead, look for ways to increase your slice of the pie. If you have less than 50 percent of the market, the issue is market share, not seasonally, but if you can create a reasonable action plan for increasing sales, there's no reason to pull in your horns just because competitors are pulling in theirs.

Translate all financial plans into action plans. Turning financial goals into reality requires action plans. Never create a financial plan unless it also includes specific action plans for who will do what by when.

Improve your forecasting skills. In the public market, missing your forecast can cause your stock to take a nosedive. In a private company, it can cause you to

spend money ahead of time or commit to long-term capital expenditures that place an untenable burden on the business.
Use extra care when hiring financial people. Never rush through the hiring process for a CFO. Take the time to interview in-depth and check references carefully. Don't assume that because someone has the background or credentials it automatically qualifies them to do the job.

Run your business like you're preparing it for sale. Constantly strive for a stronger, healthier balance sheet and an ever-increasing return on equity.

Quarterly, biannual or annual all-day executive sessions to review financials.

Design your own financial management 'instrument panel' - the five to ten indicators that really drive your company - and never take your eyes off it.

Don't shoot yourself in the Financial Foot

In today's markets, it's tough enough to turn a profit even when you do things right. To avoid making things harder on you, I recommend steering clear of several common financial management mistakes.

- Poor cash flow management
- Having the wrong mixture of debt and equity in the business
- Failure to plan
- Absence of timely and accurate business records
- Inability to read and understand financial statements
- Lack of knowledge of costs
- Failure to renegotiate bank relationships
- Failure to understand what causes results
- Failure to see the big picture

Ernest Hemingway once wrote about a character who, when asked how he went bankrupt, responded in the following manner: a little bit at a time and then all of a sudden. That, is the financial management mistake most CEOs make?

Running out of cash is the best example. You don't pay attention, you don't see the big picture, and the cash dribbles out a little bit at a time. All of a sudden you look up, the cash is gone, your bank is firing you and you're in a total panic. You have to put in place the tools that allow you to see the big picture. Otherwise, you'll end up just like Hemingway's character - except in real life, not in fiction.

"Believe and act as if it were impossible to fail."
Charles F. Kettering

THE APITITUDE FOR SUCCESS IS 'ATTRACTING THE RIGHT PEOPLE AND KEEPING THEM'!

The 'right' People = Performance = Productivity = Profit

First step in the process is 'Developing a System':

Staffing System: Few areas have more immediate and lasting impact on organisations than recruiting and selecting employees. If you do not get the 'right' people in the 'right' jobs, you can not accomplish your organisational goals and objectives.

The key to employing effectively is to have a staffing system that provides a template, a model and a process for those who recruit, screen, interview and employ new employees. When properly designed and implemented a staffing system takes much of the risk and uncertainty out of the process by providing a standard approach that ensures that everyone in the company employs in a consistent manner. Having a staffing system will not guarantee success every time. But it will dramatically increase your odds of getting the 'right' person in the job.

Building an effective staffing system consists of five essential steps:

1. Painting a picture of the successful person
2. Developing a cadre of qualified candidates
3. Screening the candidates
4. Interviewing the candidates and checking references
5. Making the decision to employ

Because the personnel selection affects the entire organisation, the impetus to put a staffing system in place must come from the top. CEOs can not get involved in every employment decision. Also, they may or may not want to get involved in the operational details of setting up a staffing system. But if the CEO wants to improve the quality of people at all levels of the organisation, he or she must make staffing a strategic priority and take full responsibility for the system that makes those employ people for there organisation.

To make consistently great people throughout the organisation, I recommend the following best practices:

- **Build your staffing system upon performance-based criteria.**

Most employment decisions are riddled with emotion, opinion and personal bias. A staffing system built around performance-based criteria allows you to eliminate personal bias, inject a healthy dose of objectivity into the process and make better employment decisions.

- **Use a structured interview process.** A structured interview process, removes subjectivity by forcing you to focus on past job performance. More important, it elicits information that allows you to compare candidates against the performance-based criteria rather than each other.

- **Develop a staffing plan.** An effective staffing system includes a forward-looking staffing plan that allows you to hire in a proactive manner and maximise the organisation's resources. I believe a staffing plan should cover:
  - How many new employees will be needed during the coming year
  - Why those employees will be needed
  - When they will be needed
  - How much it will cost the company to employ them
  - What value they will bring to customers and the organisation

- **Train your managers on how to use the system.**

In order to make consistently high-quality employment decisions, all managers must understand the process and use it in a consistent manner.

A properly designed system:

- Significantly increases your odds of employing the right people
- Creates consistency in employment decisions throughout the organisation
- Supports management development
- Helps improve benchmarking throughout the organisation
- Reduces the cost of the employment process

You can not make immediate wholesale changes in the quality of your people, but by implementing a staffing system; you establish behavioural benchmarks and standards for each position in your company. As people leave, you start employing to those standards and gradually improve the level of talent. Over time, you will see a dramatic improvement in the quality of your talent pool.

The Performance-Based Job Profile

The absolute bedrock of every effective employment system, say staffing experts, is a performance -- based job profile, an objective set of criteria that spells out the essential activities a person must accomplish and the outcomes he or she must deliver in order to get the job done.

The job profile paints a picture of the ideal candidate and sets the standard by which all employment decisions are made. It sets the tone for the entire process and dictates specific decisions and actions at each step of the process-from the kind of candidate you seek to the wording of the employment advert to the questions asked during the interview to the final hiring decision.
To use job profiles to maximum effectiveness,

- **Use a performance-based job profile for every employment decision.** Great employment decisions are always made on the ability to predict job success. The best way to predict future job success is to uncover examples of past performance using a performance-based job profile**, 'Build each job profile around objective, quantifiable, measurable criteria'.** The job profile spells out in specific, quantifiable, measurable terms what success looks like in a particular job. The ideal job profile fits on one page and includes:

- The five to seven most important outcomes a person needs to deliver in order to get the job done.

- The qualities and characteristics the person needs to get the job done, stated in specific terms of knowledge, skills and abilities.

- Specific short- and long-term performance criteria that spell success in the job.

- **Benchmark job performance against both internal and external standards.**

Once you have begun to raise the quality of your talent pool based on internal benchmarks, start researching performance criteria from outside the company, using industry standards and other information to raise the bar for exceptional performance.

- **Regularly update job profiles as the organisation grows and jobs evolve.**

Review and (if necessary) update job profiles at least once a year. Companies with very rapid growth curves may need to update every three to six months.

Offer the following model to serve as a guide for creating job profiles within your organisation:

- **Do the research.** When researching a profile:

- Use the job description.
- Review past performance appraisals to see what works and what does in the job.
- Talk to "internal experts," anyone in the company who can shed some light on what it takes to succeed in the job.
- Talk to external experts who have different insights and perspectives on the job.
- Do a qualitative benchmark. Identify the best person that reports to you and make a list of what he or she does those causes you to think of him or her as the best. Do the same with the worst person who reports to you.

- **Define the expected outcomes.**

These are the things a person must accomplish in order to succeed on the job. To identify expected outcomes, ask:

- At the end of six months, what must this person have delivered in order to be considered a great employee?
- At the end of 18 months, what must this person have delivered in order to be considered a great employee?
- At the end of three years, what must this person have delivered in order to be considered a great employee?

- **Determine the quantitative requirements needed to get the job done.**

Quantitative requirements represent the "what" of the job. They are measurable, easily observable and usually task-specific. Quantitative requirements include:

  - Knowledge: A familiarity with the information and processes necessary to skilfully accomplish the tasks of the job.
  - Skills: The ability to apply the knowledge to successfully accomplish the tasks of the job.
  - Ability: The person can handle the job situations in an appropriate manner.

- **Determine the qualitative requirements needed to get the job done.**

Qualitative requirements represent the "how" of the job. They are behavioural in nature and indicate how someone needs to go about getting the job done.

Recruiting

The next step in the employment process -- and often the toughest in today's markets -- is finding enough qualified candidates. The real problem, is not a lack of qualified candidates? It's that most companies limit themselves by how they define and go after the labour market.

Do not make the mistake of thinking of your labour pool as only those people who do not have a job. Your labour pool actually consists of the entire population in your given area. Recruiting starts with getting the message out that your company is a great place to work and making it easy for the people in your community to reach you.

I recommend the following recruiting best practices:

- **Develop a recruiting culture.**

Everyone -- from the CEO on down to the front line workers -- should keep an eye out for potential employees.

- **Establish an employee referral program.**

Set up a program whereby employees receive cash bonuses and other rewards for referring talented people.

- **Create compelling, opportunity-focused job ads.**

The right wording in an employment advert will go a long way toward improving response rates. The best job adverts:

- Focus on what the person needs to do, not what they need to have
- Describe what the person will become and where they are going, not where they have been
- Describe an opportunity
- Avoid restrictions

- **Use multiple strategies to attract qualified job candidates.**

Today's tight labour markets demand a proactive, creative approach to recruiting. I recommend using a mix of the following strategies:

- Employee referrals
- Compelling, opportunity-oriented job adverts
- Head-hunters/search firms – 'Specialists not generalists'
- Internet
- Temps to perms
- PR articles describing your company as a great place to work
- Trade shows and conventions

- **Think out of the box.**

Recruiting-oriented companies constantly look for new and innovative ways to attract talented people. I suggest the following techniques:

- Offer training sessions so people can learn a new skill. Use the sessions to evaluate attendees as potential job candidates.
- Consider short-term consulting contracts at the senior level.
- Look into outsourcing and job sharing.
- Ask customers, suppliers and vendors for referrals.
- Read the papers for news of layoffs, mergers and acquisitions and companies where the share price is declining.

- **Never stop recruiting**

Recruit seven days a week, 365 days a year. Never stop recruiting, even when you do not have any job openings.

Screening

An effective staffing system includes a pre-interview screening process that minimises your time investment by bringing in only the best candidates for face-to-face interviews. I recommend the following screening best practices:

- **Learn to read résumés properly.**

Proper screening of résumés will allow you to narrow the pool of candidates to a manageable size with a minimum of time and effort.

- Read the résumé in proper chronological order, starting with the first job and working your way forward to the most recent.
- Look for increasing levels of responsibilities and accomplishments. In particular, look for achievements that closely correlate to the job at hand.
- Use the résumés to screen in rather than screen out. The last thing you want to do is inadvertently weed out great candidates.
- Never read more than six or seven résumés at one time.
- Never make an employment decision based on a résumé.

- **Use phone interviews to screen candidates.**

Never bring someone in for an interview without an initial phone screen. The 10 to 15 minutes you spend up front with candidates can save hours of time later.

- **Ask questions based upon the job profile.**

During the phone screen, ask one question related to each criterion on your job profile and listen for specific examples of past performance in that area.

Interviewing

After the job profile, interviewing represents the most critical part of the employment process. I believe that every job interview should answer three questions:

- Can the person do the job?
- Will the person do the job?
- Does the person fit the job and the company?

The sole purpose of an employment interview is to predict success on the job. In order to do that, you have to be able to answer these three questions. Uncovering that kind of information requires structured interviews that focus on eliciting information about past job behaviour specifically related to the job at hand.

I recommend the following interviewing best practices:

- **Prepare for each and every interview.**

You can' not "wing it" and expect to make good employment decisions. Prior to each interview, review the following:

- The résumé and job application
- The notes from the phone interview
- The job profile
- Your list of prepared questions

- **Use a structured interview process for each candidate.**

A structured interview uses a prepared list of questions designed to surface information related to the job profile. This process will:

- Keep you focused on gathering examples of past performance.
- Keep the candidate from taking control of the interview
- Remove subjectivity and personal bias
- Provide an objective, consistent methodology for evaluating candidates

- **Focus on uncovering information about past performance.**

The more you can uncover examples of past performance that match the job profile, the more you can make objective hiring decisions.

- **Provide regular interview training for all HR managers.**

To improve the quality of your company's employment decisions, have your HR managers update their interviewing skills at least once a year.

- **Ask only behaviour-based questions.**

    - During the interview, avoid opinion-, credential- or experience-based questions. Instead, ask behaviour-based questions that uncover an applicant's specific work-related experiences and allow you to assess job performance.

- **Check all references.** Reference checks are necessary to:

    - Verify information collected from the résumé and during the interview
    - Uncover additional information that might influence your decision about the candidate
    - Provide legal protection

To get the most from your reference checking:

- Ask candidates for the names of people who can speak to the quantity and quality of their work experience.
- Have candidates call their references so they will expect your call.
- Avoid asking questions that call for opinion or judgement.
- Stick to specific questions related to the candidate's work.

To improve your interviewing skills:

- Keep in mind that the sole purpose of the job interview is to predict future job success by uncovering examples of past performance.
- Understand that interviewing behaviour (how the candidate acts during the interview) is not a good predictor of job performance.
- Focus on gathering enough information to make a quality decision about whether the applicant will be successful on the job.
- Never interpret a question for the candidate. If necessary, repeat the question, but do not add to it in any way.
- Do not ask about values, chemistry, etc. If you can't define or measure it, do interview for it.
- Avoid snap decisions. Ask all the questions even if you do not immediately like the candidate.

- Use multiple interviews to get a bigger picture of candidates.

With an effective staffing system, making the employment decision becomes the easiest part of the employment process. When you establish job-related criteria, ask behavioural questions that focus on past job performance, interview all candidates in the same way and evaluate them against your standard, the employment decision almost makes itself.

To make the best employment decisions, I recommend the following best practices:

- **Evaluate the candidates against the job profile, not against each other.**

If none of the candidates meets the job criteria, do not employ any of them. Instead, step back and re-evaluate your job profile to make sure it is realistic. If it is, go back to the recruiting process and start over again.

When evaluating candidates, I recommend rating behavioural examples based on the following criteria:

- Is it an incident of effective behaviour?
- Is the example recent?
- Did the candidate give detail?
- Does the candidate exhibit the behaviour much of the time?
- Did the candidate give a reference?

Score one point for each "yes" answer, so that each behavioural example will have a score from one to five. Add up all the behavioural examples to get a candidate's total score.

- **Use a 'scorecard' and 'evaluation' form for each candidate.**

To properly evaluate candidates against your performance criteria, use an objective scorecard that allows you to rate candidates in the key areas on your job profile. Ratings can be numerical, plus or minus (plus if candidates exhibit the performance, minus if they do not) or by degree (i.e., candidate strongly exhibits this behaviour, candidate moderately exhibits this behaviour, candidate does not exhibit this behaviour). Whichever method you choose, the key is to use a quantifiable, measurable scoring system and evaluate candidates against your standard, not against each other.

"How wonderful it is that nobody need wait a single moment before starting to improve the world."

Anne Frank, German Jewish diarist, concentration camp victim (1929-1945)

'CREATING THE SUCCESSFUL BOARD OF DIRECTORS'

'Board of Directors = Executive and Non-Executive/Independent'

Creating the Board

In today's fast-changing times, corporate leaders and CEOs are certainly in need of helpful guidance. Too often, they're isolated in their decision-making process and suffer from a lack of seasoned advice. One solution to this dilemma is creating a board of knowledgeable, well-connected peers to help your business grow and prosper.

The choices - an advisory board (Non-Executive/Independent) or a board of directors - depend on each company's individual situation. A formal board of directors has legally defined responsibilities, foremost among them representing an organisation's shareholders. A board of advisors can have a more flexible mandate, offering assistance and management advice to the owner/CEO without any binding legal authority.

The real value lies in bringing in men and women who have skills that the company's management team lacks. Look at your present corporate make-up. What's missing? Would it help to have more input in marketing, technology or finance? What about seeking assistance from people in their industries who have faced and overcome obstacles similar to your own?

I stress, owners / CEOs who take the time and expense to form a board should be absolutely committed to consulting it on important issues. It may be hard at first to listen to objective feedback on your business decisions, but in the long run this is preferable to blind allegiance from family members or employees.

I offer these action steps for constructing a board of advisors:

Admit you don't know everything. You're an expert when it comes to your own business, but sooner or later you see there's a great deal you don't know about trends and market forces in the larger business world. That's where other people come in, men and women whose skills and talents complement your own.

Develop a candidate profile. Create a profile of the individual you're looking for, particularly the expertise and knowledge base you feel are needed to address your company's challenges in coming years

Ask for help. Solicit names from your solicitor, accountant or other professional advisors.

Look for a good mix. A healthy board of directors/advisors often includes a legal expert, an accountant, and a marketing professional and financial advisor. Other good candidates are successful entrepreneurs from industries completely different from your own who have "been through the mill" and can look at your business with a fresh eye.

Be clear about what you want. Take time to talk with prospective advisors. Let them know what your goals are. Make clear that you don't want people to rubber-stamp your decisions. You're looking for individuals who can challenge you and help your business grow.

The Advisory Board

Unlike a formal board of directors - whose primary function is representing the interests of shareholders - an advisory board is designed to provide independent advice and counsel to the owner/CEO/management team. Directors are elected, charged with fiduciary responsibilities and must be covered by the business with some form of liability insurance. Advisors don't come burdened with such risks and responsibilities.

Advisory boards vary in size from as few as two or three members to up to forty in large groups; the right size depends on your company's stage of development, complexity of business and other factors. For most growing companies, an advisory board of four to seven members is sufficient.

Before creating an advisory board, however, an owner/CEO must be very clear about what is expected from it. "Ask yourself: Do you want these advisors to give you objective guidance or just blindly endorse your decisions?" Everyone's happy when the board agrees with your actions. What happens if and when their advice conflicts with what you want to do?

Board Benefits

The benefits of having a board of advisors/directors are so clear-cut; there's little reason not to have one. A board offers:

- In-house experience and expertise
- Enhanced corporate self-discipline and accountability
- Objective opinions
- Strategic planning and counsel.

Honesty is another virtue offered by independents. Unlike family members or management insiders who often comprise membership on family-owned business boards, outsiders come without any agenda or prejudice linked to the company's family origins.

Equally valuable is what a board prevents the CEO from doing. An informed board can save your company from making expensive mistakes. A group of professionals with a broad range of skills and know-how - including, say marketing, banking and investment specialists - have learned the hard lessons of running a successful business. They can help your business avoid costly pitfalls.

One major obstacle to exploiting the value of a board lies in the CEO's strong-willed personality. Listening is frequently a big challenge for business leaders. The CEO has to develop a skill for listening and being respectful of other opinions.

Tips for effective CEO-board communication include:

- Keep the board informed. Even when the board isn't scheduled to meet, send them information relating to industry issues and specific company matters.
- Give the board time to prepare. By providing material ahead of the meeting, you enable board members to move through the agenda more efficiently and make the meeting itself more meaningful.
- Sharing significant information builds trust. Directors who receive significant company data on a regular basis learn to trust the CEO/owner. When information is withheld -- or board members are constantly required to obtain it themselves -- trust gets eroded.
- Set the long-range agenda. Identify the company's goals. Clarify and define challenges and situations. Focus on priorities and articulate your course of action.

- Motivate members. In your leadership role, you can inspire advisory members, stimulate their desire to give all they can and bring a shared sense of purpose to the group.

What Happens in the Boardroom?

I suggest that each meeting have a special focus - strategy, financials, human resources, etc. With presentations made by different members of the management team. Be sure that board members are prepared in advance by distributing relevant information for them to study prior to the meeting.

I offer other suggestions for preparing members ahead of time:

- Mark the envelope “Board Meeting Notice”. A good way to get your board member’s attention: place a red stamp reading “Board Meeting Notice” on the outside of the mailing envelope. Send this material two weeks ahead of the scheduled meeting.

- Just the facts, please. The board meeting notice should list times, dates, location and specific details about the upcoming meeting’s goals and objectives. Leave out “fluff” materials or highly detailed page-after-page of numbers.

- Make a reminder call. A week before the meeting, the CEO or a fellow board member should call each member and, if possible, speak directly with him or her. It’s a good opportunity to generate enthusiasm for the upcoming meeting and in the process build stronger rapport between members.

- In the meetings, do everything possible to schedule vital matters first. Some items inevitably get pushed back to the end, and they’re always the first to get lost when members have to rush to catch a plane or make another appointment.

I offer these guidelines to make the most of precious boardroom time:

- Use a “consent calendar”. Often, any number of items requires formal board “approval,” but do not in themselves merit much discussion. One technique for handling these items involves bundling them into a “consent calendar”. Send them to board members ahead of time, then have them approved all at once at the meeting, thus saving time for more important topics.

- Reasonable limits on discussion. The board Chair or CEO may find it helpful to set time parameters for individual topics under review. This doesn't necessarily mean fiercely restricting each discussion. Simply make clear to members that the board needs to complete all items by a specified time.

- No dog and pony shows! Your advisors/directors are serious, thoughtful individuals -- unlikely to be swayed by glittery power-point presentations or colourful audio-visual displays. Give them the information they need to prepare themselves beforehand; anything presented at the meeting itself should supplement this material in a concise, efficient manner.

Duties and Functions

In general, board functions include:

- Establish corporate objectives and policies
- Enhance CEO and senior management effectiveness
- Act as arbitrator between major shareholders (board of directors) or during family control issues (board of advisors)
- Act during a crisis, such as the death or departure of a CEO

Lend credibility to investors, customers and vendors

- Plan strategy development

Make key introductions

All boards share certain responsibilities that should be clear to each member when they agree to serve. These include:

- Attendance. At its most basic, members must agree to attend board meetings and agree to take part in some committee work.

- Planning and support. Board members should be involved in reviewing the company's fundamental purpose, priorities and goals. From there, members should oversee and evaluate strategic business plans, and support management in carrying out these plans.

- CEO monitoring. In publicly held companies, the board of directors is legally responsible for selecting the CEO, approving executive compensation and, if necessary, dismissing this individual. Regular assessment of CEO performance is another key function.

- Finances. A formal board of directors approves a company's annual budget and ensures that the company adheres to it. The board can also contract for an independent audit; review financial performance against budget, prior years and competition; control investment policies; and manage capital or reserve funds.

- Board effectiveness. Board members should be able and willing to assess their own performance. They must effectively monitor themselves for results, practices and organisation. A board must govern itself.

Compensating Board Members

Board members deserve to be paid, but compensation should be linked to the company's performance. This demonstrates that both sides have made a commitment to the value and seriousness of the relationship."

I suggest that typical advisory board member payment range from £10,000 to £50,000 per member a year. Paying for travel and lodging is customary as well. I also recommend those members purchases some form of equity participation, so that particularly in public companies board members are involved in the same way as shareholders are.

I suggest that directors of publicly held companies be paid per meeting, with a retainer in place (and share options). Depending on size, payment usually ranges between £1,000 and £4,500 per meeting, with a monthly retainer of £1,500 to £3,000.

In many companies, compensation ranges from as little as £1,000 a meeting to £50,000 a year (part retainer, part meeting fee). Share options are acceptable, if the company has a lot of share options to offer. Board members can buy a specified number of shares for a specified number of years.

Consider deferring the issue of compensation until after you've selected a member. Personally, I don't like to see individuals join boards simply for the pay. You want to see in that person's face that serving this company is something they'll find fun and exciting to do. You don't want to sell someone on joining your board. Share your business goals and objectives and see if the person responds enthusiastically. Many companies determine appropriate compensation after they form an advisory board.

Limits to Board Effectiveness

In general, the primary reasons for a board's lack of effectiveness include:

Incompatible or disruptive personalities. Board members are human like the rest of us. They don't always get along. Even a board made up of skilled, experienced individuals is of little value if members can't work together for the good of the business.

"Too many cooks". When a board has too many members, some of them inevitably "take over" by virtue of their strong personalities, and seek to dominate the others. In these cases, the business loses the benefit of what the more passive individuals might have to offer

Insufficient compensation. It's proper and necessary to compensate advisors/directors for their contributions to the board. Make sure fees for board members are appropriate, or you may find yourself with a board of less-than-dynamic quality.

Very often, you don't have to look any further than the CEO when a board isn't functioning. One common problem is a lack of communication. Board members can't provide value to the business if the information they receive from the CEO/owner isn't timely, honest or broad enough.

Recruiting Candidates

The best candidates combine solid business thinking, personal integrity, and an ability to analyse problems and who also want to work with others. They should be able to speak for your customers so the focus stays on doing everything possible to give people what they want now and in the future.

Other advice:

Look for a track record. "Broaden your candidate search to include at least one CEO or senior executive who have expanded their own business by at least two or three times.
Appeal to a candidate's sense of challenge. The challenge of serving on a board and helping a business grow isn't so very different from building your own business. Seek out people who respond enthusiastically to the intellectual challenge of bringing a company to a higher level of achievement and success.

Choose someone who's confidential by profession. Accountants, Solicitors, and Recruiters are frequently a wise choice as advisory board candidates - both because of their experience and knowledge, and because they're bound by their positions to confidentiality.

To locate potential board members, who are "the right fit," I suggest the following guidelines:

- Match strategic goals with strategic individuals. Are your expansion plans likely to involve new initiatives in human resources, technology issues, raising capital, etc.? Knowing your long-range goals helps guide you toward the type of people with experience and knowledge in these areas.

- Don't be afraid to ask for help. If your own search doesn't prove fruitful, consider going to a professional recruiter. They'll conduct an assessment of your company and suggest candidates who will likely make a good match.

- Good talent doesn't come cheap. You don't want to choose someone who's in it just for the money, but remember that men and women with proven experience and skills expect to be reasonably compensated for their time and efforts on your behalf.

- One director can lead to another. So you've landed an outstanding individual to serve on your board. The next logical step is asking this person for other recommendations. A valuable board member brings his or her own network of contacts and is likely to know others who specialise in areas you're interested in.

The Future Corporate Board

As for the outlook for corporate boards of directors, I have these predictions:

- Greater familiarity with technology. Board members, like executives everywhere, have to keep pace with changes in technology. Expanded knowledge in this area (and with issues relating to the global marketplace) will help them advise CEOs on future changes.

- More diversity of skills experiences and people. The typical board of directors will no longer resemble a country club environment where all members look alike. A board lacking the diversity of minorities, women and younger executives simply won't work.

- Demand for speciality skills. The resource pool of qualified directors will continue to be fairly small, but demand will grow, especially for individuals with specialised skills who offer valuable input on board committees.

I identify these likely trends for advisory boards and boards of directors:

- Outside directors will gain prominence, surpassing the number of insiders on boards.

- More retiring CEOs will leave company boards.

- Boards will increasingly conduct formal CEO performance reviews and board self-evaluations. This practice will likely become standard practice within the next five years.

- Directors will be required to own a specific £/$ amount of company shares as a way of enhancing their personal commitment to the business.

More board meetings will take place without the presence of the CEO. Companies are recognising that, in the present fast-paced environment, board members can contribute even if the CEO is busy elsewhere.

Boards throughout all types of business are moving in the right direction. Especially in start-ups and companies forming boards for the first time, leaders understand the value of getting objective, knowledgeable guidance. Traditional companies are still struggling with the need for outside board members up to eighty percent of private companies don't have any! but the writing is on the wall. Advisors bring guidance and direction to a business.

Teamwork breeds success.

"It is our duty as men and women to proceed as though the limits of our abilities do not exist."

Pierre Teilhard de Chardin

CREATING THE SUCCESSFUL EXECUTIVE OF THE 21ST CENTURY

Not too long ago, a strong CEO could single-handedly steer a company to the heights of corporate success.

In today's accelerated markets, however, no CEO (or business) can survive very long without a competent management team made up of highly skilled senior managers. Similarly, in bygone eras, key executives could get ahead merely by excelling in their technical or functional areas. Today, however, the position of key executive demands a lot more.

The role of the key executive has expanded dramatically over the past few decades. The secret to becoming a more effective key executive involves understanding your role in the company beyond your functional skills and abilities.

In particular, the role of today's senior executive encompasses six basic functions:

- **Co-strategist** - helping the CEO chart the company's future course.
- **Team leader** -exerting leadership beyond your functional area.
- **Local expert** -becoming world class in your area of expertise.
- **Champion of change** - helping to implement change throughout the organisation, not just in your functional area.
- **Role model** -living the vision, mission and values.
- **Student** -committing to ongoing personal and professional development.

This short list represents your professional success profile.

Put it where you can easily see it, and use it on a daily basis to decide how to invest your most precious commodity - time.

In addition to the above tasks, I identify nine critical areas where senior executives can support the CEO beyond just performing in their functional areas.

Survive. Almost all businesses get into economic trouble at some point in their life cycle. In that situation, your role as a key executive is to do all you can to help the CEO turn the company around.

Make the deals. A business is the sum of the deals it makes. You can have a huge impact by helping your CEO make sure the deals get made successfully.

Find and navigate the "river of cash." I use the term, "river of cash" as a metaphor for a product or service. Finding and navigating the river of cash means developing and taking to market products or services that generate ongoing revenue streams.

Discover the secret of the business and use it. Every business owner or CEO has a "secret" - deeply held values and convictions about what makes the business really work. The more you know about the secret, the better job you can do of helping your CEO achieve his or her vision.

Bear debt and allocate profit. You can't survive as a key executive unless you know your own personal debt. Strive to achieve personal financial victories without tying them to personal financial obligations to the company.

Apply the rule of entrepreneurs and managers. In essence, this rule says that most entrepreneurs don't make good managers and most managers don't make good entrepreneurs. Accordingly, the

CEO should focus on doing a few things very well (vision and strategy) while you focus on the day-to-day stuff.

Build a society and define the season. The CEO is the biggest culture-setter in the business, but you have tremendous influence over your functional area. Rather than just letting it happen, consciously build the culture you want in your department.

Acquire and exercise vision. CEOs typically take their secret and project it as far as they can into a variety of places. Eventually, it lands someplace interesting and the CEO says, "Let's go there!" Developing that kind of vision will separate you from the other employees.

Live a life. Every person has four compass points in relation to life balance - mind, body, heart and spirit. Balance for the key executive involves going to each compass point and seeing if you "own enough shares" to be able to do what you want to do. If not, take some time to invest in those shares.

Closing the Gap: Creating Alignment with Your CEO

I believe that a huge gap exists between what CEOs want from their direct reports and what those direct reports think their CEOs want. Obviously, CEOs expect key executives to excel in their given areas of expertise. Beyond that, however, the waters start to get a bit muddy.

Most CEOs desperately want three things from their key executives:

Clarity. In particular, CEOs want their key executives to have clarity in regards to their vision for the company, their strategy to achieve that vision, and their expectations for the key executive's functional position.

Leadership. I define leadership for key executives as "stepping out of your comfortable, technical/functional role and expanding beyond the areas that got you to your current level of success." It means doing what you can to move the company forward. This requires exercising leadership on the management team you are part of and for the departmental team you head up.

Generalised problem solving. CEOs want managers who can solve problems in many areas of the organisation. The more you can contribute to the CEO's job of removing obstacles to getting the job done, the more value you will have as a key executive.

Of these three areas, clarity is by far the most important. When the CEO has clarity and alignment with a strong management team, anything is possible.

I see the disconnect between CEOs and key executives as a wiring problem. I believe that most entrepreneurs are hard-wired very differently than their direct reports. In particular, CEOs spend much of their time out in the future, where very few people roam. They see what doesn't exist and try to make it happen.

In contrast, key executives live in the present, partly because that's their nature but also because that's what they've been charged to do - run the company (or parts of it) in an efficient and effective manner. They see what already exists and strive to make it better. CEOs who fail to understand this critical distinction end up with unrealistic expectations for their key executives, which often leads to friction in the relationship.

The solution is two-fold. First, both sides must understand that CEOs live out in the distance and key executives live in the here-and-now. Second, they must reach an alliance based on mutual respect and tolerance for each other's different roles and ways of looking at the world. In this alliance, the key executive understands and supports the CEO's need to look into the future and develop the vision, because without it, the company will quickly die. In turn, the CEO recognises and accepts that the highest and best use of the key executive's time and attention is to run the company in the present.

The key to avoiding unproductive conflict is to formally recognise the different roles in every encounter. For example, when the CEO gathers the management team to do strategic planning, start by going around the table and recognising everyone's role. When you meet individually with your

CEO, begin the interaction with a brief recognition of the different roles each of you fill. Over time, it becomes ingrained into the culture.

I offer a simple but effective solution - once a month the CEO and key executive schedule a "direct report one-to-one" in which they discuss the short - and long-term expectations for the position and the developmental goals and objectives for the key executive. The CEO also provides any coaching, resources, etc.; the key executive needs to get the job done.

To augment this process, I suggest holding a one-to-one-to-one whereby the CEO and key executive get together once a quarter.

Don't sit back and wait for something to happen. If you aren't getting clarity from your CEO, ask for it. There's nothing magical about this process; it's very straightforward. But common sense is not necessarily common practice. You have to commit to making it happen.

How to Add Value as a Key Executive

I offer five strategies for increasing your value to your organisation.

Manage your time effectively. Time management for senior executives involves making sure that you spend your time in the highest-impact areas. King recommends a process called "time auditing" to ensure that you work on the right things. First, ask yourself three questions:

- In my position, what are the six most important things I do each month?
- What are the six most important things I do to build and lead my team/department?
- Is there any overlap between these two lists?

Next, take out your calendar or daytimer and examine the relationship between your most important things and where you spend your time. When you find large gaps, adjust accordingly.

Cultivate the discipline of self-review. Once a month, schedule a one-to-one with yourself. Write it down in ink in your calendar and show up at the appointed time. Create an agenda for each self one-to-one and bring the tools of your trade -laptop, legal pad, sales reports, monthly financials or whatever you need to get the job done. During your work time, create a list of the most important things you will accomplish during the next 30 days and how you will accomplish them. At the beginning of your next self one-to-one, review your list, check off what you actually accomplished and write down the steps you need to take to complete any unfinished items.

Learning doesn't occur in writing to-do lists. It occurs in reviewing the things you have or have not accomplished and looking for ways to improve them. Schedule some quality time with yourself each month and watch your productivity soar.

Be a strong advocate for your function/area of expertise. To improve your value as a key executive, become an appropriate advocate for finance, sales, human resources or whatever function you happen to represent. Advocating your position doesn't mean playing politics or engaging in turf-defending activities. Instead, it means articulating the value your department/functional area brings to the organisation and making sure your point of view gets heard and acknowledged by others on the management team.

In strong organisations, all the functions get represented equally at the table. The key is to do it in a way that supports the team as opposed to fractionalising it.

Be a strong team player. As a key executive, you must perform at a high level on two different team's -the management team you're a part of and the team of people who work for you. Serving the management team well requires answering the following questions:

- What are the rules for playing on this team?
- What, specifically, are we trying to accomplish as a team and how can we do it better?
- What do I contribute to the team and what are your expectations for me?

Creating a high-performing team of people underneath you requires understanding the fundamental rules of team building, which are covered in 'How to Build a Strong Team'.

Manage the relationship with your CEO. Perhaps the most important thing you can do -for your own benefit as well as that of the organisation - is to manage the dynamic relationship between yourself and your boss. Don't abdicate that responsibility to your CEO. Instead, push the relationship as needed and develop one that represents your views and needs with authenticity and integrity.

Ultimately, your effectiveness as a key executive begins and ends with your level of clarity around the CEO's goals and objectives and how you fit into achieving them. You can sit back and say 'Yes, boss, whatever you want,' and hope that you hit the target. Or, you can take charge of the relationship and get what you need to succeed.

How to Build a Strong Team

As a key executive, one of the best ways to exercise leadership in your company is to put together a top-notch team of people working underneath you. High-performing teams share a number of important characteristics:

- Clarity
- Commitment
- Communication
- Absence of cynicism
- Diversity
- Productive conflict
- Project-orientation
- Scorecards

When building your team, strive to create an environment of 'high-level adult play". Give people challenges, recognise their efforts and celebrate the wins. Talented people flock to that kind of environment.

To build a high-performing team, I recommend the following steps:

- Using a scale of one to 10, assess the individuals on your current team according to their technical contribution, team playing ability, communication skills, hustle factor and interpersonal relationships.

- Conduct a global rating of the team as a whole, using the same one to 10 scale.
- List the strengths and weaknesses of each individual and your team.
- Identify ways to build on the strengths and improve the weaknesses.
- Set a goal of having a "9+" team and coach the players to improved performance.

I recommend that one of the best ways to build relationships with team members is to communicate with them on an individual basis. Also, recommend monthly one-to-ones with the people who work for you, using the following guidelines:

- Schedule each one-to-one in ink and stick to your commitments.
- Each one-to-one should last 30 to 60 minutes.
- Make it their one-to-one, not yours. This is an opportunity for the people who report to you to talk about anything they want.

Guarantee confidentiality.

Ask a lot of questions and listen carefully.

Great one-to-ones will strengthen your relationships with the people who report to you. More important, your people will work very hard for you because you listen to them.

To keep your team functioning like a precision instrument, I offer the following suggestions:

- Conduct an annual team-centred strategic planning session.
- Conduct quarterly reviews of your annual plan.
- Conduct an annual team review.
- Use a scorecard.
- Tie compensation to team performance.

Celebrate success.

Leadership is no longer about command and control. To build strong teams in today's workplace, you have to sell and enrol. You have to win people's hearts and minds. The mark of a great team leader is the ability to sell people on the exciting vision and enrol them in their contribution to making that vision a reality.

How to Succeed as a Second-In-Command

Success as a second-in-command -regardless of whether your title is COO or Head of Operations - depends on your ability to accomplish two essential tasks: managing the business and managing your relationship with your boss. To manage your relationship with your CEO and maximise your chances for success recommend an eight-step process:

- Know the CEO's vision for the company.
- Help your CEO discover his role in that vision.
- Help your CEO do the right things.
- Define your role as the CEO sees it with precision and clarity.
- Know your individual management styles.
- Establish a formal method of communication.
- Get feedback on your performance.
- Redefine the organisation structure.

To enhance your ability to survive and thrive as a second-in-command, keep the following in mind:

- Define company objectives and manage according to those objectives.
- Identify the CEO's new role, highlight his contribution within the whole company and assist him in his new role.
- Keep the CEO informed. Bad news is okay as long as it doesn't come as a surprise.
- Insist on holding to your meeting/communication schedules. Unless you communicate on a regular basis, you will both be working off assumptions.
- Stretch your authority. If you're not sure whether it's your call or the CEO's, assume by default that it's yours.
- Put yourself in your CEO's shoes from time to time. This will allow you to be a step ahead or at least in sync with your boss.

Accomplish the business objectives you have set. This will demonstrate your ability to produce results and improve your chances of survival when tough times hit and everyone is scrambling.

Above all, pay attention to the CEO and manage the relationship. Don't allow yourself to so get buried in the nuts and bolts that you forget who you're working for.

Teamwork breeds success.

"Leadership is practised not so much in words as in attitude and in actions."

-- **Harold S. Geneen"**

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Turn yourself from an average performer into a Business Superstar.

A winning team of winning people is the ambition of many entrepreneurs to be successful in business and personal life.

Success Checklist

- Have you identified critical success factors vital for success?
- Are your colleagues 'winners' or losers in the areas that really matter?
- Are you reactive or proactive?
- Do you know who your superstars are and what they do differently from others to be success?
- Do you ensure that resources are not devoted to non-vital activities?
- Are people helped to excel at critical success factors for building relationships with customers, employees and suppliers?
- Do you learn to take on board new ideas?

Become a leader: Follow the four key rules;

- Take a good hard look at yourself
- Identify differences between where you are and where you want to be
- Get Strategic
- Thank about the promotions board

Become a leader

Celebrate the achievements of those working for you, inspire your team with self belief, motivate them to achieve, create move leaders.

Fresh thinking requires a vision to see beyond the conventional. When you combine excellent quality with outstanding value for money you will begin to realise the full potential of creative and well presented business solutions. Together, the sky's the limit. Have passion to learn and let the knowledge help you to be successful in life.

"By concentrating on making your softer skills more impressive, you are more likely to distinguish yourself from your peers"

Colin Thompson

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"Let us not be content to wait and see what will happen, but give us the determination to make the right things happen."

Peter Marshall

Improving the quality of people is necessary to accelerate with impact organisations in the 21st century. The competition for customers is getting fierce. Customers want and expect much more from company personnel. This book will help you to improve your skills in empowering people to deliver quality service excellence that will impact an increase in the 'bottom-line'.

Businesses that invest in people will 'win', because they care more than other people. Each company should care about its personnel. The world is about dedication to the people environment, since it is people that make companies work, technology only helps people carry out their job more efficiently.

Becoming the best so to 'accelerate with impact your business and personal growth', I have set out to fulfil several objectives;

* To remind Directors of some of the basic principles that you need to invest in people.

* To establish a framework for the detailed review of all aspects of the employees day-to-day operations of the business, leading to the identification of problem areas and the development of action plans to improve performance and accelerate with impact the individual.

* To establish guide lines and methods of planning to ensure the long - term growth and prosperity of all employees and for the company to stay in business longer because of the quality of its people.

The accent throughout is on common sense and simplicity, with an avoidance of management gimmicks and minimum use of jargon.

Business and general life is about dialogue that we 'all' understand and respond to. So make the playing field equal, so all people understand the language used and the action to take, to receive and accept, so business life and general life is successful for 'all' involved. Yes, you can achieve all things in life by your attitude to be positive, you have the solution in you, so go forward and use it now and be successful in your business and personal growth.

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