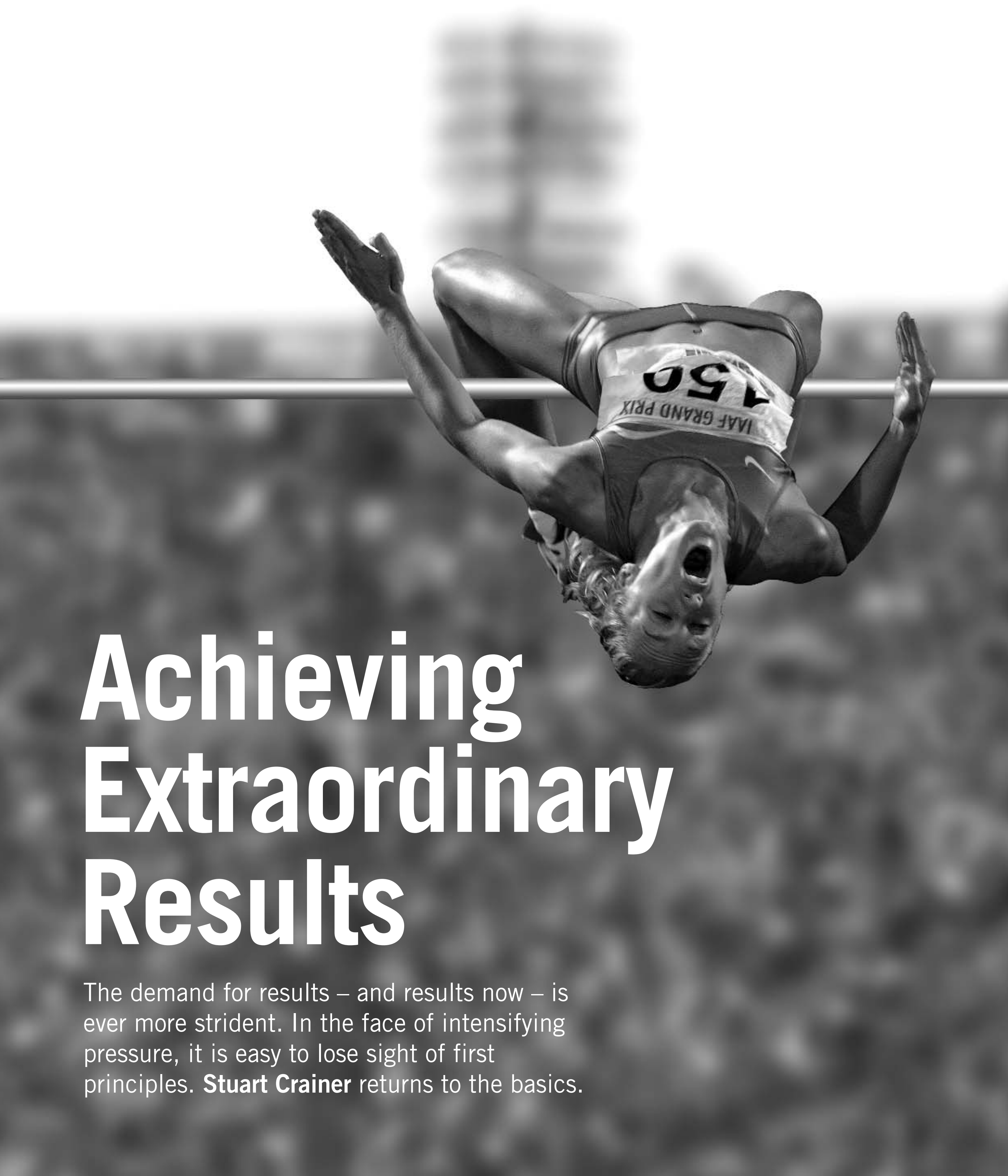

Achieving Extraordinary Results

The demand for results – and results now – is ever more strident. In the face of intensifying pressure, it is easy to lose sight of first principles. **Stuart Crainer** returns to the basics.

How do businesses produce extraordinary results? This single question lies at the heart of the mountain of business books, case studies, executive education courses and much more produced every year. Results are the Holy Grail of the business world, enticing, but perennially difficult and often out of reach. Results are the *raison d'etre* of organisations and individuals. And yet, the catalogue of failed companies, disappointed entrepreneurs, frustrated leaders and cynical executives grows year by year.

To some extent this is a fact of life. By definition, we can't all be winners. But, there is another story here. We actually know a surprising amount about what it takes to achieve extraordinary results. Yet the first principles are not universally or even regularly acknowledged. They may also be regarded by some as anodyne, as common sense, but they do exist, gathering dust under the detritus of business literature, pontification and "best practice". The starting point on the route to delivering results must be awareness of these first principles, the seven principles of extraordinary results:

1. There is no recipe.

Business books are largely recipe books. Trouble is there is no universal recipe for business success. Ingredients always differ. What works for one company does not work for another. What works today will not work tomorrow.

Think back to the first business blockbuster, *In Search of Excellence*. The intellectual cornerstones of *In Search of Excellence* are eight principles identified by Tom Peters and Robert Waterman as characteristics of excellent companies. These are: a bias for action; being close to the customer; autonomy and entrepreneurship; productivity through people; being hands-on and values driven; sticking to the knitting; simple form, lean staff; and, what they ingloriously labeled, simultaneous loose-tight properties.

Peters and Waterman examined 62 companies against these principles. Soon after, *BusinessWeek's* front page story was "Ooops!" celebrating the fact that many of the companies judged excellent by Peters and Waterman had stumbled. Arco was bought by British Petroleum; NCR was bought by AT&T; Western Electric evolved into Lucent Technologies; Westinghouse slowly disintegrated and disappeared; Allen-Bradley was purchased by Rockwell; Chesebrough-Ponds was bought by Unilever; Data General was bought by EMC; Hughes Aircraft merged with Raytheon; Raychem was bought by Tyco; Standard Oil (Indiana)/Amoco was bought by BP; and Wang Labs filed for bankruptcy in 1992 before being resurrected and sold to Gerontics. Atari, which the authors say mistakenly made the list ("we were swept up in the frenzy," says Waterman), was bought by Hasbro in 1998, and is now part of Warner Communications.

Recipes for results are always retrospective. They make sense of the morass of results and proclaim a solution. Unfortunately, there isn't one. This does not stop publishers cashing in on the wishful thinking of millions of executives that they can turn their small machine tool business in Poland into General Electric by learning Jack Welch's business secrets.

2. You have to be different.

No organisation ever delivered extraordinary results by doing things in the same way as the competition. One way or another they do things differently.

In their book, *Simply Better*, Patrick Barwise and Seán Meehan persuasively argue that difference need not be some earth-shatteringly original bright idea, but that it can be based on doing small things better than the competition. Instead of trying to change the marketplace, the route to delivering difference lies in dedication to continuing incremental improvements. After all, this lies at the heart of the success of one of the world's few companies which has delivered extraordinary results over the last half century: Toyota.

One of the mistakes has been to assume that difference also requires companies to be first. Not so. As Costas Markides, co-author of *Fast Second*, argues, being first is not necessarily the route to corporate nirvana. "Consider the market for PCs. Who is the 'innovator' in this market?" asks Markides. "Most people think that the answer is Apple or perhaps Osborne. But who really created the mass market for PCs? Who is to be credited that the personal computer is not some high-tech gimmick that only nerds use but it is instead a fixture in every home? The answer is simple – IBM. They scaled it up. They created the mass market. Yet, nobody considers IBM as an innovator.

"The trouble is that while coming up with ideas is celebrated as innovative, the act of scaling them up into big markets is not. Even worse, scaling up rather than coming up with new ideas is what big companies are good at. Unfortunately, they often forget this and try instead to become brilliantly creative like the small start-up firms. Instead of taking the ideas of others and converting them into big markets, they focus on coming up with ideas themselves. Unfortunately, this is what small firms excel at."

3. Results demand leadership.

The link between leadership and results has been analysed from every angle imaginable. What can be said is that extraordinary – or even acceptable – results are unlikely without some degree of leadership.

→ But the relationship between results and leadership is not one-dimensional. Interpreted in a one-dimensional way something like Enron emerges – an organisation whose apparently impressive results were matched by the size of the moral vacuum at the heart of the company's leadership.

"Great leadership has the potential to excite people to extraordinary levels of achievement. But it is not only about performance; it is also about meaning. This is an important point – and one that is often overlooked by contemporary leadership literature. Leaders at all levels make a difference to performance. They do so because they make performance meaningful," explain Rob Goffee and Gareth Jones in their book, *Why Should Anyone Be Led By You?* "Nor is it sensible to assume that good leadership always delivers the best business results. Leadership is not just about results. Yet this is a trap that many modern leadership researchers have fallen into. We have become overly concerned with the ends – sometimes at the cost of neglecting the means. Interestingly, the classical understanding of leadership is primarily concerned with providing meaning. The obsession with results is a contemporary conceit and one which is partly responsible for eroding the moral dimension of leadership."

Leadership can only help deliver results if it nurtures a sense of purpose.

4. You need to know what you want.
What does success look like? What are extraordinary results for you as an individual or for your organisation? Ask these questions and managers often offer awkward platitudes about growth and stretch goals. Very few have a clear focus on what constitutes personal and group success beyond financial parameters.

One of the exceptions is Michael Critelli, CEO of the $6 billion American corporation, Pitney Bowes. "I don't have quantitative benchmarks as such, though the company has a growth strategy and if it accomplishes it that will be a measure of my success and we have a Six Sigma strategic architecture framework which corresponds with that strategy. We have a balanced scorecard with metrics which to the world out there will be a measure of my success," says Critelli. "But my own measure of success is probably whether I have reshaped the culture and direction of Pitney Bowes. There are a handful of ways I would measure that. One is whether I have leveraged the full power of the company behind a single unified brand. When I took over, Pitney Bowes was very decentralised. With a high degree of interdependence between our businesses I believed we needed to work more as one company. So my first measure of success is whether we are behaving as one company.

"Second, are we behaving with confidence and competence in shaping the world we live in rather than reacting to it. I want to set the rules not react to them. The third measure of my success is making us a global company. I want us to be confident and comfortable dealing across the globe.

"The final attribute is being very solutions and customer-driven rather than providing tools and letting customers decide how to use those tools. In other words, making customers successful and being recognised for making customers successful. If someone said he has done those four things before I retire that would be an accomplishment."

Henry Ford remarked that a company which only makes money is no sort of company at all. He was right. Money is a by-product of doing the right things.

5. Values generate value.
Understanding what constitutes success is a question of values. Financial values are one aspect of this. Profits are the entry point if an organisation is to achieve extraordinary results. Companies which are geared to making money at all costs tend not, in the long run, to be successful. Henry Ford remarked that a company which only makes money is no sort of company at all. He was right. For successful companies money is a by-product of doing the right things.

For corporate over-achievers, values aren't mere abstracts or fashionable statements of intent, but daily reality. The trouble is that succeeding by actually treating people decently and responsibly is not a great news story. Being nice tends to be corny and riddled with clichés.

Take Yum! Brands which owns Kentucky Fried Chicken, Pizza Hut, Taco Bell and the Long John Silver seafood chain. Its aim is, obviously enough, to put a *yum* on everyone's face. A lot of the company's energy has been directed into recognising exceptional work. When people engage in behaviour Yum!'s chief executive, David Novak, wants to see, he hands out floppy chickens with the person's name on it and what they've done. Every manager at the company now has to have some form of personal recognition. When one of the company's top franchisees died, he was reportedly buried with his floppy chicken.

"Good guys do win," says Randall Tobias, former CEO of the pharmaceutical giant Eli Lilly. "I've done business in countries all over the world and I have applied the same standards. Is it the right thing to do? If you can't do business according to those standards we won't do business. There may be a short-term advantage in bribing or cheating but in the long-term you can't point to any company which has sustained success through anything other than high ethical standards. They do the right thing."

6. Get close to consumers.

"Most businesses have a big opportunity to beat the competition, not by doing anything radical and certainly not by obsessing about trivial unique features or benefits, but instead by getting closer to their customers, understanding what matters most to them, and providing it simply better than the competition," observe Patrick Barwise and Seán Meehan.

Yet, how much time do corporate leaders spend with their consumers? Companies which deliver results know their customers inside out. They don't just have a vague idea what goes on in the minds of consumers; they intimately understand their needs, aspirations and behaviour. They spend time with customers.

"There's a lot of talk about the company getting close to the customer, but for the most part, the more senior the executive the less real customer contact they get," reflects the London-based consultant Leslie Kossoff, author of *Executive Thinking: The Dream, the Vision, the Mission Achieved.* "Part of the problem is that even when they get customer contact it is so structured and pre-arranged that the executive doesn't get the opportunity to truly speak to and learn from the customer. It is treated far more as an event than for learning purposes."

The need to communicate with customers is emphasised by Adrian Slywotzky, a senior partner at the global strategy consulting firm Mercer Management Consulting and co-author of *How to Grow When Markets Don't.* "Many CEOs don't include talking to customers as a standard part of their calendar. However, the most successful ones do. If a CEO takes an honest, hard look at his or her business and thinks about how their company may need to change, the answer begins with identifying the best customers and spending time with them, talking about their toughest problems. Those conversations lead to the opportunities that have enabled growth innovators to grow at 10 per cent or more, while their industries are growing at 2 to 3 per cent," says Slywotzky. "In terms of culture, it's not just the CEO spending time with customers in non-ceremonial conversations, but most layers of management spending time with customers. The deeper and more multi-level your relationship with your customer, the better you'll be able to identify and understand their unmet needs."

7. Always connect.

The final commonsensical route to extraordinary results is communicating. Successful companies are persistent and powerful communicators. Corporate politics kills communication. People keep information and bright ideas to themselves or communicate with a select few. In the best companies information and ideas are shared naturally and continually. Scott McNealy of Sun Microsystems has a favourite formula: 0.6L. Every time information passes a layer in the organisation only 60 per cent gets through. This quickly adds up – especially in hierarchical firms. So the onus is on constantly communicating to ensure that the message gets through. ■

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