Leadership, Growth, and Innovation Perspective

The Guiding Principles of Successful Reinventors

You’re about to learn a few of the guiding principles shared by great leaders and managers to constantly reinvent themselves and build extraordinary companies. Set aside any temptation to dismiss these principles as only being common sense.

After two decades spent screening and studying more than 200,000 companies for my books on speed, productivity, growth, performance, and reinvention and having studied the best and worst examples of business leadership, I’ve concluded that in many businesses the most common thing about common sense is how uncommon common sense is.

Great leaders are committed to double-digit growth

I begin every speech I give by asking the audience to raise their hands if they’d like to do better financially. Every hand in the room always gets raised. Then I ask them to raise their hand again if someday they’ll want a promotion or a new set of challenges. Again, every hand always gets raised. Finally, I ask them to shout out the answer to my final question, “Do you want to make more money and have more responsibility sooner or later?” The room always rings to the rafters with the shouted word, “Sooner!”

Unless a company’s annual overall financial performance is growing by double-digits there’s no way for people to earn more money and there’s no growth or promotions for anyone either. When talented workers realize the only way for advancement is to throw someone under a bus or wait for them to retire or die they’ll eventually depart for greener pastures elsewhere.

Mike Long, the CEO of Arrow Electronics, who has grown the company he leads into a $22 billion powerhouse by being a quintessential reinventor, sums it up best when he says, “I’m surrounded by the most talented bunch of people in the world. Unless I keep buying companies and inventing new businesses, eventually they’ll run out of opportunities for growth here and leave. If they leave they’ll either become my competitors or join my competitors.” He added, “it’s the job of the CEO to stay ahead of their people, keep them challenged, and constantly provide them opportunity for growth.”

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It does not work because transformation is an organic process that requires learning. I often refer to it as “Building the bridge as you walk on it.” Let’s say you want to make a big change. You know the exact spot on the far shore where you want to be after you cross the river. You know where the bridge should start and end. But you don’t know how to build it, so you put a post in the ground, and then another one. Some posts stay and some fall, and you learn to anchor them better as you add plank after plank. The process works because everyone knows the end spot and everyone is telling the truth about both the successes and the failures.

What holds the process together is integrity and authenticity. When people are making change happen together and don’t know how to do it, all they have is trust and learning. Hierarchy goes latent. The organization becomes an “adhocracy” where everyone becomes equal. Titles are checked at the door and everyone is on a first-name basis. They contribute as things become clear to them. The process becomes self-organizing.

These processes unfold all the time but we cannot see them. Our normal assumptions keep us from recognizing self-organization and self-leadership. Yet the job of the leader in the transformation process is to stimulate that very thing.

**The Culture Piece**
Whenever we talk to people about intervention to create transformative change, we tell leaders that they need to explore their company’s culture. Often, we get a response like, “We don’t want to waste a whole day doing a program on culture.”

Think about that for a moment. Picture a surgical suite, with two doctors preparing to operate on a patient’s brain. One says to the other; “I just went to the most interesting lecture. Did you know there’s something called a heart in the human body?”
It’s inexcusable for a highly paid senior person to pretend to run operations at a corporation and to be oblivious to culture. The ignorance that permeates the corporate world is stunning. We let people introduce change who should actually be sued for malpractice.

**Change Comes from Within**
This all comes down to the notion of making strategies comprehensible and visual, and then engaging people in conversations. When you create shared meaning and higher purpose, people self-organize and stuff happens! This is antithetical to the hierarchical model.

Change leaders have to be able to facilitate authentic conversations. If people at the top are fixed on control, their rigidity can kill the transformation processes.

The problem with many authority figures is that they say they are initiating change, but are actually only initiating the rhetoric of change. They cannot comprehend the bridge building process.

**Four Fundamental Questions**
If you want to start a transformation process for yourself or others, ask yourself these questions:

1. **What result do I want to create?**
   If you really know this, it immediately changes you.

2. **Am I internally directed?**
   If you are, and are operating with an authentic voice, you have all the power you need.

3. **Am I other-focused?**
   If so, you’re on the path to being a servant-leader, and you can build a system where people are committed to a higher good.

4. **Am I externally open?**
   If you answer yes, you can begin to build that bridge as you walk on it, and lead others to do the same.

**Personal Transformative Change**
At the Center for Positive Organizational Scholarship, we try to prepare people to lead change. We get people to look at themselves. We ask people what their purpose is, why they are on the planet, what their deepest values are. We ask them what it means to be an authentic person, and whether they’re “other-focused.” Finally, we ask them if they’re capable of learning in real time — whether they can go forward not knowing what comes next, learning their way into what needs to be done.

We’ve found that this kind of work has a profound impact on a person. People change themselves, and when they’ve done that, they can do much more courageous things. They go back to work and pump the boss on issues they once couldn’t deal with. They tell us that they suddenly get more things done and have more time for family, feel more courage and less fear, and can let go of things they once wanted to control. They start new processes and let people around them organize in new ways and begin to learn their own way into the future.

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Since 1983, Total System Services, Inc (TSYS), one of the world’s largest payment-services firms, has been a leader in payment technology and processing, providing solutions to the financial services industry. We have grown in a company servicing more than 300 processing clients and 80,000 direct merchants worldwide. Naturally, both TSYS and our clients were greatly affected by the recession, regulatory challenges, increased risk in data security, and the speed of technology changes. In addition, we had grown rapidly, particularly in our last 10 years, expanding to customers in over 80 countries and offices in 20. We still had a good balance sheet, but it was apparent that unless we made a significant change to our business model, we would be unable to sustain our growth and profitability. We needed a transformation in how we aligned our activities to our strategy.

We introduced a new strategy about five years ago. Although it was a good strategy, we were having trouble gaining traction for it. When we looked for reasons, we realized that we had made a fundamental mistake. We assumed that everyone understood the strategy and could operationalize it. Even though we used the usual methods to roll it out – a brochure, posters, and other internal marketing tools – we hadn’t really thought about how to get people to make it happen. With Root, we created a series of three Learning Map® modules to teach everyone in the company about our position in the marketplace, our financial picture, and our new strategy. The modules were well received, but we suspected we still had a problem. The strategy still wasn’t gaining traction.

At about the same time, we realized that even the people at the highest levels weren’t sure how to make the strategy happen. We decided that our transformation had to start at the top. We designed a Leadership Experience program as a way to engage those who were responsible for translating the strategy to every level.
The Leadership Experience was one of the best things we ever did to build energy and excitement for our strategic efforts. The original event was a four-day process intended to get all senior executives together to discuss our current state – what was working and what was not – and the leadership behaviors that we practiced. This session included the top 15 leaders and many long-tenured leaders as well as many new people. We weren’t sure how the conversation would go. But as a group, these leaders realized that they were all working “in” the business instead of “on” it. The workshop and the insights it provided served as a catalyst for designing the Leadership Experience.

We decided we wanted to do something similar with all senior leaders in the company. Our president really bought in to the process. He committed to being the champion for the project. His support made sure that the leadership sessions would be sustained and invested in, and that people would be held accountable. We also wanted to make it fun, engaging, and interactive. So we designed a session for 50 more leaders, executives who ran the various parts of our business. We got more enthusiastic feedback, but the leaders were still asking, “How do I make this happen?” The change we wanted to see wasn’t happening as quickly as we wanted or gaining as much traction as we had hoped. In late 2010, we kicked off an initiative called “n>gen for Change: Bridging Strategy with Execution.” The n>gen for Change initiative represents our commitment to transforming our behaviors and habits of execution to align with our desired future state. Among many other activities, we’ve designed a Learning Map® session that will go to every employee at every level. In it, we review internal and external realities and the need for change. We describe the future state of TSYS, explore the strategy, present the metrics and milestones for tracking our progress, and discuss the behaviors and culture necessary for us to succeed. We're still finalizing the experience and are excited about the opportunities it will provide us to engage our team members with our strategic direction.

Change is hard work. But our leaders are concentrating on their behaviors every day – striving for transparency, making fact-based decisions, collaborating, executing with intent, and demonstrating trust, clarity of purpose, and unrelenting leadership rigor. As chief human resources officer, Ryland partners with the TSYS business units to design and implement innovative people engagement strategies to improve the competitiveness of the organization. As an advocate of change readiness, he is responsible for aligning the corporate people strategy with the company’s business strategy. Ryland actively supports the TSYS philosophy and mission by staying attuned to the cultural needs of TSYS’ global workforce.
The Change Posse Comes to Town

Today’s business environment is as wild and woolly as the Old West. In fact, your company may look a lot like this scene! After you’ve read the story on page 8, gather your team, explore the picture, and talk about the questions. See if you can find a way to dodge the bullets of the Change Posse!

1. Describe the overall scene. Find the main characters and read their quotes – the gamblers, the posse, and all the rest.

2. Which of these quotes sound familiar? What areas of your company could these characters represent?

3. Have you ever felt like the piano player? What kinds of “music” would you like to hear at your business?

4. How could you change the mindset of the man who isn’t sure about getting in the poker game?

5. What’s holding all these people back from getting to the Land of Hope and Dreams? What’s making them stay in Yesterday Town?

6. Look at the names of the Change Posse. Why won’t they work in today’s world?

7. How do you think the Three Rs of Change at the far right – Relate, Repeat, and Reframe – could make a difference in this town? Talk about each one separately.

8. Now, how could these Three Rs make a difference at your company? For your team? For yourself?

9. When the Change Posse leaves town, how would you describe the new picture of this town?
If you think constant change is something new, step back in time with me to the days of the Old West. Let’s see what happened in Yesterday Town on the fateful day when change could no longer be ignored.

Dark clouds gathered on the horizon on the day that the “Change Posse” rode into Yesterday Town. They stormed the town from the West with the weapons of Facts, Fear, and Force, demanding that people change.

Up and down the streets, the town’s institutions were operating as usual…the Last Chance Saloon, the Rusty Razor Barber Shop, the Old Horse Business Model Corral, and even the Now-Is-the-Time Remedy Salesman were all entrenched in the past.

In front of the jail, the Marshal was chatting with the Deputy. “This town needs some life,” the Marshal said. “We haven’t grown in three years. No new people are coming to town, and some of our businesses have closed down and moved out. How the heck will we get back to where we were when the town was founded? We’ll be rolling with the tumbleweeds before long if we don’t change.”

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“Yup,” said the Deputy. “Why can’t we just get people to change? You’d think the Posse could frighten people to a new level of urgency!”

In front the Last Chance Saloon, the Now-Is-the-Time Remedy Salesman pitched his wares to anyone who would listen. “Come and get it, folks!” he said. “My Change Sloganeering Tonic will take care of whatever ails you! You’ll feel so good you won’t care what’s happening! Step right up and get yours now!” As he turned to his assistant, he whispered, “And they’ll be ready to buy a new remedy next time I come to town!”

On the long porch of the saloon, the Piano Player entertained the dwindling crowd. “Hey, play something new,” yelled the Gambler. “We’re tired of that old song!”
“Sorry,” said the Piano Player. “I just play what they tell me to play. I haven’t learned a new song in years. People here like the old stuff, even if it’s pretty stale.” And he thought, “Someday I’ll find a place where they’ll be happy to have me write my own music.”

Down at the Rusty Razor Barber Shop, the Judge was getting a trim and a shave. “So, Your Honor, what do you think we need to do to get this town in shape?” asked the Barber.

“Well,” said the Judge, “our people are afraid. They’re afraid to stay in this town, and they’re afraid to leave for something new. They need somebody to be brave enough to go first.”

“Why don’t you go first, Judge?” said the Barber.

“Me? I’ve been here too long. I’m used to the old ways. I can hold out. Why don’t you go first?”

“No!” said the Judge. “You go first!”

“No!” said the Barber. “You go first!”

And on it went…

A little farther along the street, the Prospector stopped in at the Same Old General Store to get supplies. “How’s the mining going?” asked the Store Clerk.

“It’s been good,” said the Prospector, “but I’ve mined all the gold in Them Thar Hills. I’m off to find another stake. If I hang around here, I’ve got no hope, like everybody else. I like starting over. Thinking like a beginner keeps me young and healthy!” The Clerk waved goodbye and went back to looking for new customers.

And that was the state of Yesterday Town as the Change Posse rode in. As they approached, doors slammed shut. The curtains were drawn at the Dusty Discount Hotel. The Poor Town Bum hurried to hide in the alley. The music stopped in the saloon. The Marshal and Deputy stood up. The smell of fear filled the air.

But down the street, something new was happening. There was an uprising in the Three Rs of Change Meeting House…

Among the citizens who were forward-thinking, a new theory emerged. They agreed that their change efforts were failing because of the three Fs: Facts, Fear, and Force. The new rules suggested that we can’t get people in the change game by telling them the facts, by scaring them about the future, or by commanding them to change. Those things hadn’t worked in the past, and they weren’t going to work in the future.

The winning hand in the new game of change included three concepts from Alan Deutschman’s book, Change or Die. It became clear that winners replaced the three Fs – Facts, Fear, and Force – with the three Rs: Relate, Repeat, and Reframe. These rules of the new game of change are the key to reinventing the town.

• The first rule is that people generally don’t change their behaviors unless they can relate to people who believe in them. Small groups of peers who hold each other accountable to change and support each other in the struggle can unleash a sense of possibility.

• The second rule is that it takes time and effort to learn, practice, and master new skills. It’s with repetition that we achieve mastery, and before long, the skill at hand becomes second nature.

• The third R is reframe. All of us have a mental picture of how the world works and how we fit into it. Most of the people in Yesterday Town live in a world that no longer exists. To reframe means to make new mental models of how the world works and how each person fits into the new picture.

The new rules in the Three Rs of Change Meeting House assure players that they are in control of their future and no longer need rescuing. By Relating, Repeating, and Reframing change, people begin to believe that they can lead the reinvention of a boomtown and stave off possible evolution into a ghost town.
Double-digit growth allows companies to attract, keep, and grow the right people; it improves the fortunes of families, allows for reinvestment in the business, turns vendors and suppliers into valued partners, keeps the attention of investors, makes communities better places, and generously rewards shareholders.

Great leaders let go
The graveyard of failed businesses is littered with the bleached bones of leaders who destroyed their companies by an inability to let go of yesterday’s breadwinners, personal ego, same-old-same-old, and conventional wisdom.

Yesterday’s breadwinners are those products or services that once represented the lifeblood of the company and provided the bulk of its revenues and profits but now languish. Most leaders and companies rationalize their continued existence as representing the firm’s legacy or kid themselves into believing that they’re still paying their own way. In reality, most require too much time and too many resources to justify their continued existence. Smart leaders let go of yesterday’s breadwinners.

When the boss’s ego requires that he or she be the smartest person in the room and requires that their idea(s) always win, doom is just around the corner. Mel Haught, CEO of serial reinventor Pella Corporation, says, “Any boss who has to be the smartest person in the room hijacks the dialogue, signaling ‘correct comments’ and conclusions that stifle good ideas.” Great leaders set their egos aside, are humble and understand that their job is to attract people smarter than they are and with better ideas than they possess, and then get out of the way and gently steer the ship.

Same-old-same-old takes place when companies pay scant attention to something until it’s broken. Then, in a flurry of self-important and dramatic executive directives, someone is dispatched to fix one problem while somebody else is sent to fix another and someone else to fix another. Constantly sending people off to solve problems distracts everyone in the organization from the goal of constant growth. Great leaders understand that one of their most important responsibilities is to constantly analyze every person, product, and process and address them before they become broken so that always being in fire-fighting mode doesn’t become an accepted way of doing business.

Great leaders make lots of small bets
Google’s pending $12 billion acquisition of Motorola’s mobile phone business has been in the news a lot recently but most business journalists failed to connect the dots on the real story taking place at Google.

In the past two years the company has purchased nearly 200 other companies. That’s an average of two per week. And each represents a small bet. From social gaming to joint ventures with NASA, from daily deal companies to digital video and voice recognition, the company knows their future depends on constantly forging ahead into new businesses.

When Starbucks took a nosedive its former CEO Howard Schultz returned, took back the reins, and embarked on a nonstop program of reinvention. In less than two years the company made more than 100 small bets including; new store designs, the testing of wine and beer sales, a move into instant coffee, an entire line of desserts, a significant emphasis on tea, and the introduction of oatmeal across the chain. Not surprisingly many of the small bets became big hits and the combined revenues of Schultz’s many small bets quickly recaptured the revenues that had been lost.

Dan DiMicco, the CEO of America’s largest steelmaker, is proud to point out that the company doesn’t have an R&D Department. “Why would we need one?” he asks. “We have 20,000 people who work together and we try every idea that everyone has.” “If it works,” he says, “we quickly scale it across the company and if it doesn’t work we simply move on and try the next idea.” DiMicco adds that the belief at Nucor is that if something is worth doing it’s worth failing at the first time around.

Great leaders are able to stay ahead of their customers’ changing needs and wants by continually offering a dizzying array of new products and services – by constantly making lots of small bets and being prepared to seize on those that work.

Great leaders make certain that everyone knows the strategy
Conventional wisdom dictated that knowledge was power and as such most leaders maintained an iron grip on all the knowledge in order to ensure their continued importance. That included limiting the number of people who knew the firm’s strategy.
Signing non-disclosure agreements became a rite of initiation into the inner sanctum.

Truly great leaders understand that execution – not knowledge – is power and that the best way to ensure execution is to make certain that everyone understands the strategy and their role in its achievement.

JM Smucker, a hundred-year-old manufacturer of jams and jellies doing $500 million in annual sales with product leadership in one cutthroat grocery category, has grown in the past decade to nearly $6 billion in revenue and leadership in nine grocery categories. Co-CEOs Tim and Richard Smucker attribute much of their success to a small booklet they publish titled, *The JM Smucker Strategy*, that’s required reading and study by everyone who works for or with the company. “How could we possibly have fellow workers, partners, and shareholders not know and understand our strategy?” they wonder.

Great leaders make certain that everyone — at every level of the organization — knows the big strategic objectives and their role in accomplishing them.

**Great leaders get everyone to think and act like the owner**

Thinking and acting like an owner means the person has some skin in the game. Thinking and acting like the owner means they have everything in the game.

Thinking and acting like an owner means working hard. Thinking and acting like the owner means it’s the only thing they want to do.

Thinking and acting like an owner often leads to a sense of entitlement. Thinking and acting like the owner means acknowledging there’s still a lot of work to be done, the journey has just begun, and that it simply makes good sense to be frugal.

Great leaders understand that in order to build an organization designed to achieve continuous growth and stay ahead of their customers’ needs requires everyone thinking and acting like the owner.

Charles Koch, Chairman and CEO of Koch Industries, the world’s largest privately held company, says that, “The only way to get people to think and act like the owner is to teach them how what they do creates economic value and how to measure and improve it.” Koch maintains that every job within a company must lead to the creation of value and if it doesn’t; there’s no need for the position to exist.

**Great leaders are good stewards**

Authentic leaders don’t buy into the view that leadership is about suiting up in a coat of armor, mounting a stallion, slapping it on the flanks, and galloping off in search of villages to pillage and plunder in order to get their picture on the cover of business magazines.

They believe in service over short-term self-interest, don’t have a need for power over others, are committed to the preservation and development of the people who give their business value, and are nurturing, authentic, mentoring, and selfless.

Steward leaders are accessible, keep their hands dirty by spending most of their time listening to customers, have a noble set of guiding principles for making decisions, have no need for superficial distinctions, and are committed to making what they take over better for all the stakeholders.

**Just common sense?**

The guiding principles of highly successful leaders who are committed to embracing constant radical change and reinvention and building extraordinary companies are little more than common sense. Unfortunately, for many business leaders and their companies, the most common thing about common sense is how uncommon common sense really is!

Jason Jennings is a researcher and one of the most successful and prolific business and leadership authors in the world and his greatest thrill is helping lead individuals and companies to their full economic potential. His latest book for Penguin Putnam, The Reinventors – How Extraordinary Companies Embrace Constant Radical Change, was released in May 2012. His previous bestselling books on business and leadership include It’s Not the Big That Eat the Small – It’s the Fast That Eat the Slow, Less Is More, Think BIG – Act Small, and Hit the Ground Running – A Manual for New Leaders. For more information on Jason, go to www.jason-jennings.com.
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