

Introduction

I am totally addicted to business. I have had a two-business-book-a-week habit for nearly twenty years now. I can't help myself: I love studying business, I love running businesses, and I love working with employees and customers. To me, it is all a huge, fun, exciting game—a game, I might add, that if played well, can make you a lot of money. My greatest joy, though, comes from teaching businesspeople how to run their companies better. I realized a few years ago that most businesspeople are so busy working “in” their companies that they do not take any time to work “on” their companies. Frankly that scares me, because I know that if a businessperson is not taking serious time to study, learn, think, strategize, and innovate, pretty soon he or she will be forced to take some time to learn about something else: bankruptcy.

But in today's crazy-fast business world, who has time to read the top four hundred or five hundred business books and spend countless hours poring over thousands of pages of research findings to figure out what they all mean? How many business managers, directors, and owners have direct access to dozens of the top business leaders in America and

can reach out to them for help and advice? How many businesspeople get the chance to crawl around in literally hundreds of other companies to watch what they do right and what they do wrong so they can apply those ideas in their own company? Well, I do.

For the past fifteen years, I have traveled around the world to work with every type of company from tiny mom-and-pops, tech start-ups, local governments, and nonprofits to global firms like Microsoft, Abbott Labs, State Farm, IBM, and GE. Most of these projects have been multiyear engagements in which I have had the opportunity to work shoulder-to-shoulder on critical projects with some of the best and worst businesspeople imaginable. I have spent years looking for the pattern of what differentiates great companies from great failures. What I have learned is that business is much less complex than I thought. Whether you have two people on the payroll or twenty-two thousand, the truth is that building a great company rests on just a few fundamental principles that are not complex or confusing in any way. Actually, as you'll soon find out, they are quite simple. My goal in writing this book, and in fact, one of the driving forces of my life, is to make the very complex awesomely simple. I want to give you the benefit of my twenty-plus years of high-level business experience in the pages that follow. My goal is to help you understand what it truly takes to build and sustain a successful company. And I will do this not just from my point of view, but from a synthesis of the best practices and key strategies of the leading companies in the world. We will look at numerous examples of how small and big companies, from high-tech to high-touch, climbed to the top of their industries. Everything you will read in this book

is from real life: you'll find no fluff, no grand theories, no intellectual backflips. I want to make closing the gap between knowing something and actually doing it (what I refer to in this book as the knowing-doing gap) as easy as possible for you by giving you clear and straightforward advice about how to make any business run much, much better. As you'll see, it is not nearly as complicated as most people think it is. The real challenge, and the foundation for lasting business success, is the consistent and disciplined application of just six principles, day in and day out, in every part of your organization:

The Six Principles of Business Success

1. Vivid vision
2. Best people
3. Robust communication
4. Sense of urgency
5. Disciplined execution
6. Extreme customer focus

Every successful organization I have ever worked with, regardless of size, geography, or industry, understood that these six principles form the bedrock of their success and focus on them relentlessly. On the flip side, when I am called in to save a struggling company that stands on the brink of failure, it is usually because they are not doing one or more of these six key things effectively.

On the surface, these six principles may seem very simple, and for the most part they are. But “simple” in no way means

“easy to implement.” Tiger Woods makes playing golf look very simple, but there is nothing easy about what it took for him to get to that level of expertise. Recently I read *The Cambridge Handbook of Expertise and Expert Performance* in which the world’s foremost “experts on expertise” reviewed all of the latest scientific research on how experts develop their superior skills. I won’t drag you through all 901 pages of scientific findings. Basically what I felt the book said is that it takes four things to become an expert at anything—what I call the four P’s:



- *Passion.* You have to love your area of focus. It needs to be an all-encompassing, driving force in your life if you ever hope to attain any level of real expertise in it.

- *Persistence.* According to the *Cambridge Handbook*, there is a phenomenon called “the ten-year rule.” Nearly every expert studied had spent a minimum of seven to ten years (roughly 100,000 hours) working diligently at gaining skills and knowledge in an area of expertise. Even child prodigies like Mozart began their studies at a very early age, so by the time they reached adolescence, they had satisfied the ten-year rule. (Tiger started playing golf when he was only three.)

- *Practice.* During those seven to ten years, the experts consistently pushed themselves harder and harder, through more and more challenging practice sessions. This is what is referred to as “deliberate practice”: practice specifically focused toward working on weaknesses, getting feedback from coaches and expert mentors on strategies for improvement, making adjustments, and then practicing more and

more in a quest to achieve the highest possible proficiency in their area of expert performance.

- *Pattern recognition.* At the highest level, those who have crossed the threshold into true expertise have spent so much time focusing, practicing, and working on their area of passion that they begin to see patterns emerge. It is this pattern recognition that allows them to quickly decide the best course of action, the option that will yield optimal results. This is what is meant when a person talks about a chess grandmaster being able to “see down board.” This is how great basketball players say they can “see the entire court.” This is how Gretzky could skate to where the puck was going to be, not to where it was. This is how Tiger can visualize a hundred different ways to hit the ball from a difficult lie and consistently choose the winning shot. And this is how I have been able to see the patterns of success and failure in the hundreds of companies I’ve worked in.



In this book, I am not merely going to tell you what the pattern of successful companies is. I am going to tell you exactly how to apply these critical strategies in your organization and give you lots of examples and workshops to help make sure that you execute them effectively and consistently.

Why I Wrote This Book

I never had it as a major life goal to become an expert on business excellence. I was most concerned with finding

a career in which I could get paid to have fun. But then something dramatic happened that changed everything. In a shocking nod to the Peter principle (“In a hierarchy every employee tends to rise to his level of incompetence”), I was promoted, at the tender age of twenty-six, from director of public relations to CEO of an international Rockefeller foundation. Suddenly I went from sending out press releases and writing speeches to managing a staff, putting together a budget, and reporting to a board of directors that expected me to take their fledgling foundation and turn it into a global leader. However, I had no real business experience or any clear idea about how to run a successful business. I figured out pretty quickly that I needed to figure something out pretty quickly.

In my desperation, I turned to the only person I could think of who might be able to help me: Tom Peters. Well, not Tom himself, but I did buy his book written with Robert Waterman, *In Search of Excellence* and devoured it. In my total naiveté (this was the first business book I had ever read), I believed every word Peters and Waterman put in the book and went about dutifully attempting to implement every one of their prescriptions for business excellence. Nobody told me it was impossible, so I just went out and did it. The results were amazing. The foundation began to grow, we started getting great press, we expanded to other countries, we won some awards, and at age twenty-eight, I was nominated by the readers of *Florida Trend Magazine* as one of the top CEOs in the state of Florida under the age of forty. (Eventually I met Tom Peters in person and thanked him for his help.)

After several years at the helm of the foundation, I decided it was time for a new challenge and accepted an offer to join

a leading training firm that specialized in teaching strategic account planning to sales teams at major companies. My business learning went into hyperdrive. Now it was my job to know, understand, and be able to apply dozens of cutting-edge business tools and theories. I was expected to read all of the latest business books and periodicals and attend numerous seminars and training sessions every year. I then took all of this raw knowledge and spent as many as 220 days a year on the road running from client to client and doing everything I could to help them apply all of these great ideas to achieve a higher level of business success.

In 1994, I left that firm to form my own training and consulting company, and I have been at it ever since. My library consists of more than two thousand business books, and my client list exceeds three hundred companies worldwide. I have had the chance to work with businesspeople in Japan, Hong Kong, Germany, Austria, Canada, and Mexico and nearly every state in the United States. And though it has been a total blast, I have always wondered, as I drive through small towns and look at the little shops and small companies, “Who is helping *them*?” When I attend a chamber of commerce meeting and listen to the business owners complain about their challenges and difficulties in running a profitable company, I think to myself, “But, wait, it’s not supposed to be hard; it’s supposed to be FUN!” When I give a speech at a national meeting for a Fortune 500 firm and listen as the managers lament how confused and stressed they are in attempting to keep their part of the business on track and running smoothly, I keep asking myself the same question: “Don’t they understand this is really very simple if you just look closely enough?” Then I answer my own

question: “No, they don’t understand because they don’t have the time to look closely. They are spending every waking minute just trying to keep up, trying to stay in the race, trying to keep their jobs.”

I remind myself that that it has taken me almost two decades and hundreds of thousands of pages to figure it out—time these folks do not have. They need help, and they need it right now. They need to make payroll, develop a new product, enter a new market today. So I wrote this book for them—and for you. I’m on your team now, here to help, guide, and mentor you on how to make your business as successful as possible. I’m going to share with you my best ideas, tools, and resources for making the often complex and stressful task of leading an organization as simple and enjoyable for you as it can be. I’m going to help you take a hard look at your business, and together we will develop specific plans and action steps that will allow you to dramatically improve the success of your company.

What’s Inside This Book

Each of the six main chapters covers one of the core principles, with a conclusion at the end to help you take everything you’ve learned throughout this book and turn it into positive action in your organization right away.

Chapter One begins with the crux of any organization, though it’s something that many still do not do effectively: communicating a clear, vivid, compelling, and inspiring vision for the future of the business. Whether you lead three people on a sales team or ten thousand people across the globe, one of the fundamental aspects of creating a successful

enterprise is giving people the comfort, safety, and confidence of an ennobling and positive vision of its future. This is especially true in times of great turmoil and change, which many businesses are facing right now and likely will for years to come.

Chapter Two can catapult an organization to a higher level of success with one powerful idea: turning your organization into a talent magnet. We live in a knowledge economy. Very few businesses gain sustainable competitive advantage through proprietary technology, manufacturing might, or specialized logistics. One key to success for every business is to create a corporate culture that attracts, grows, and keeps the best people. This does not mean that every person who works for you needs to have three advanced degrees from Harvard and ten years as a former astronaut, only that each be the absolute best for the position that he or she is in—the best chief financial officer, the best engineer, the best receptionist, the best janitor. Obviously the skill levels of these four people are completely different, but the attitude, passion, creativity, innovation, and driving desire for success and excellence should be no different. In this chapter, we take a close look at exactly what is required to win the war for talent.

Chapter Three turns to the single biggest issue I face with all my clients worldwide: the lack of open, honest, robust, and courageous communication. If talent, innovation, and extreme customer focus are the main drivers of success for your company, a fundamental element in making sure your organization runs well is ensuring that you have superb communications across all parts of the organization and to all stakeholders. The aim of this chapter is to simplify it

and give you lots of real tools to help you personally improve your communication skills.

Chapter Four explores the need for speed: how to create a culture with a strong sense of urgency. The business world has never moved faster than right now, and we can expect the pressure only to increase. Speed, agility, and proactivity are necessary requirements for survival and success—yet they cannot be pursued at the expense of disciplined execution and consistent quality. In this chapter, I share my best ideas on decision making, risk analysis, empowerment, and the value of building a vast network of people who want to help you succeed.

In Chapter Five, we study what it takes to build a performance-oriented culture that demands flawless execution. Truly great companies do not tolerate mediocrity. They set clear, ambitious, yet realistic goals and high standards of performance, and then they hold people 100 percent accountable for meeting those standards and delivering on their commitments. Refusing to accept mediocrity isn't easy and takes a lot of discipline, but it is an indispensable part of building a highly successful organization. Because this is such a huge problem in most companies I work with, a large part of this chapter is devoted to giving specific examples and instructions on how to create a culture of disciplined execution.

Chapter Six puts forth an idea that is imperative to a company's success: you must own the voice of the customer by creating a strong and trusting bond with your customers and listening to what they want from you and your business. This customer focus, which allows you to understand your customers as well as or better than they understand themselves, is the final principle that ties all six together. In a world of nearly limitless product options and highly educated

consumers with instant access to every bit of data on price, features, and benefits of almost every product, delivering consistently superior customer service is the only differentiator left for creating loyal and engaged customers, which is absolutely essential for building a sustainable and highly-profitable business.

Finally, in the Conclusion, I help you close the knowing-doing gap and apply the ideas you have learned. As you read the following chapters, you're going to encounter incredibly valuable ideas and tools. The conclusion will be all about how to make sure you turn the ideas in this book into positive action in your business.

No matter how well you learn and apply the ideas in this book, there are a few elemental factors that have to happen right in every business in order to stay in business. They are the table stakes, the minimum price of admission to enter the game.

The first one is, at the very least, that you must produce a high-quality product or service. If what you sell is not worth buying, no amount of good ideas, cool strategies, or slick marketing will help you. Oh, you may be able to sell an unproven substandard product for a short time, but eventually the marketplace will punish you. All *sustainable* business success is built on delivering real value to the customer.

The next given is that you need to have a solid handle on your financials. I love the old saying that if you aren't managing your cash flow, you won't be managing much for long. Even great companies—companies with amazing products, outrageously good services, loyal customers, and fantastic strategies—have been reduced to ruin and driven to bankruptcy by poor financial management.

The last given is that change is inevitable. No single strategy will carry your company forever. Just ask Tom Peters and Robert Waterman. I used their *In Search of Excellence* as my business bible back in 1982. But ten years later, more than half of the companies they highlighted had gone out of business. Markets shift, consumer preferences change, new competitors appear, technology advances—and so must you.

If you have addressed these three issues of high-quality products and services, strong financial management, and the willingness to embrace change, you have laid the groundwork that will allow you to take the principles in this book and build the foundation for creating long-lasting success in your organization. If you are struggling with any of these, you'll still learn a great deal from this book, but your organization is at a serious disadvantage. I urge you to stay focused on fixing these problems in order to set yourself up for success.

How to Use This Book

This book is meant to be used as a tool. And like any other good tool, it adds value only if you use it. That is why on every page I strive for simplicity and usefulness. I'm not going to bog you down with a ton of research findings, multilayered theories, or extravagant Gantt charts and histograms. I'm going for making it easy to understand and easy to apply so you can enjoy the benefits of this material from the start. If you are interested in knowing about any of the research I used in writing this book, go to www.johnspence.com, where you'll find references for all of the research I quote. You'll also find lots of other resources and support, such as suggested reading lists, organizational audits, workshops,

and discussion questions—all designed to help you successfully implement the ideas and prescriptions in this book.

I have kept the chapters short and to the point, with clear examples and real-life stories to support the ideas I'm sharing. At the end of every chapter is a summary of the key ideas in that chapter, along with a selection of audits, questions to answer, examples, and case studies. I believe that the more ways you look at something, the more things you can learn from it, so I've provided lots of different ways to understand and, most important, apply the key themes of this book.

There are two ways to use this book for maximum impact.

The first is to read and study the book carefully. Underline important points. Make notes in the margin. Take the audits, and be brutally honest with yourself when answering the questions at the end of each chapter. When you have completed the entire book, go back and review the scores you gave on the audits, the answers to the chapter questions, and any notes you wrote, and look for patterns. My guess is that you will be able to see a distinct pattern in the areas in which your organization does well and the areas in need of improvement. This should give you some valuable guidance on exactly what you need to do to advance your organization. In the final chapter, I help you create a list of specific and measurable action steps based on what you have just learned. In this way, the book will serve as a mentor and coach, helping you to dramatically improve the way you run your business.

I have also written this book so it can be a wonderful tool for a team to work through together. Whether you're part of a handful of people running a small business, a marketing team, a product development team, or the senior management team of a large company, reading the book and going through

all of the audits and questions together can be a powerful exercise to promote positive change in your organization. The first step is to get everyone in the group to not just read but carefully study the material in the book. Next, everyone on the team completes the audits and fills out the questions at the end of each chapter from his or her own point of view. At this point, you have two options. Option 1 is to sit down with your entire team and talk about what people learned, what their scores were, and how they answered the questions, which will surely drive a spirited and deeply valuable discussion. This approach is all about opening up the lines of communication and getting the team to talk about the six principles of business success, their impact on the business, and what to do about what they have discovered. Option 2, my preference, is to break your team up into small groups of three to six members, and let each group compare and contrast the lessons learned, audit scores, and their answers to the chapter questions in these small, independent teams. You want each team to identify your organization's strengths and weaknesses and the key strategies they feel they should focus on, and make a list of five recommendations for how to improve the organization. Once they have completed this work, have each team present its findings to the other teams. Typically a pattern emerges. Everyone in the room will quickly identify the organization's top strengths, biggest weaknesses, and what its areas of focus should be. Once all of the recommendations are combined, you'll have a list of priority actions that can be implemented immediately. (You will find a more detailed explanation of how to run a team workshop, downloadable copies of the various audits and questions, and other resources to help you at www.johnspence.com.)

This book is just the beginning of a conversation—a conversation inside your company, a conversation with me, and a conversation with other businesspeople who, like you, are striving to build truly successful organizations. To keep that conversation going, I also have a blog and discussion board on my Web site where you can post questions to me and other readers, offer advice, and share your success stories and how you used this book to help your business, so even after you finish reading the book, there will still be more help and support available to you.

It has taken nearly half of my life spent reading, studying, watching, learning, and questioning to discover that what seems so complex is actually quite simple. In this book, I share with you everything I have learned on my journey in an effort to help make yours as smooth, comfortable, and enjoyable as possible. I promise you that if you read this book carefully and apply the ideas set out here, they will have a dramatic positive impact on your business and your life. I truly wish you every success.