The Formula For Business Success

One of America’s Top 100 Business Thought Leaders explains what you must focus on to build and sustain a highly successful organization.
For the past 19 years my career has focused exclusively on studying the fundamental elements of business success. Traveling worldwide at upwards of 200 days a year, I have worked shoulder to shoulder with some of the best (and worst) business leaders of our generation. I've also maintained a strict regimen of reading a minimum of 100 business books and listening to an additional 30 to 50 audio business books a year, every year since 1989. In 2008, in preparation for writing my book Awesomely Simple, I compiled all of my research and reading down to a single page that I called my “Strategy Map.” This single piece of paper represented more than 75,000 pages of reading on business excellence and an additional 3,000 pages of interview notes and survey results from my work as a management consultant and executive educator.

Recently I came across a software program called Wordle that allows you to load documents which it then converts into a "word cloud" with the largest words representing the information that is most prevalent throughout the documents. With great excitement I loaded the manuscript of my book, my strategy map, and all of my notes and client reports and was delighted when it produced a fascinating word cloud that clearly (at least to me) showed the pattern of key themes around the idea of business excellence.

After studying the word cloud at length and reviewing all of my other research I was able to boil all of this information down to a single equation that I think does a pretty good job of capturing the essential elements for running and sustaining a highly successful organization. Here's the equation:

\[(T+C+ECF) \times DE = \text{Business Success}\]

Let me take you step-by-step through the elements of this equation...

### Talent

You have got to have the brightest, most talented, values-based people you can possibly get on your team. Let me make this as clear as possible: "*The success of your organization is directly proportional to the quality of the talent you can attract and keep on your team.*" I had the great honor of spending some time with one of America's wealthiest and most successful entrepreneurs, a man who started with nothing and built it into a multi-billion-dollar company. When I asked him what the absolute best business advice he could give me was, he smiled and said with great confidence, "*It's all about people, people, people. You can kid yourself about a lot of things in your business, but at the end of the day it's always going to come down to the quality of your people.*" So the goal must be to become a connoisseur of talent, to make your organization a talent magnet, and create an organization that highly talented, wildly creative people desperately want to work at. This is step one in creating a truly successful organization.
How I define talent...

I just told you that talent is critical to the future success of your business, but let me take a moment to dig a little deeper and explain specifically what I mean when I talk about a person being the kind of "talent" I want on my team. The first and most important thing I look for is honesty. I can send someone to a class to learn how to run the cash register, fill out a spreadsheet, operate one of the machines, become a salesperson – but there is absolutely no class, no book, no seminar on the face of the earth that will teach someone to tell the truth and live with integrity if that is not part of their DNA. Along the same lines, I also want someone with a great attitude who loves to work with and serve other people. An attitude of gratitude, happiness, excitement... Passion... and a real joy in the opportunity to be of service to others is immensely important. Lastly, I look for at least a mid-level of competence combined with a high level of aptitude. If someone is pretty good at what they do – and very good at learning – I can send them to a seminar, give them some books, coach them, mentor them... in order to get them up to speed. So to me, the keys are: honesty/integrity, fantastic attitude, desire to be of service, confidence and aptitude. These are the attributes of people who have the potential to be the kind of "talent" that will become highly successful members of your team and drive great success in your organization.

Culture

Many people used to feel that "culture" was sort of a touchy-feely issue, but nothing could be further from the truth. If the success of your business is truly tied to the quality of the talent you can attract to your team... The single most important factor in attracting top talent is your organization's culture. Great people want to work with other great people at a company that has a superb culture. But how do talented people define what a great culture looks like? Here is what most of the research points to:

Fun: this doesn't mean that there are whoopee cushions under everyone's chair and wild keg parties every night, what I am talking about here is creating the kind of culture where people enjoy the work they do and the people that they do it with. The easiest way to see if you've done this well, is simply to walk around the place and see if people are smiling. Smiling employees usually indicate people who are having a good time at work, enjoying their job, and having fun with their coworkers.
**Family:** the way that workers define a "family like atmosphere" is that they know that their managers and peers genuinely care about them as an individual. This is the sort of culture were people show genuine concern and affection for each other, both as valued members of the team and as valued members of the community.

**Friends:** people who are highly engaged and loyal to their organizations often times consider many of the people they work with to be their close friends, sometimes even their best friends. This is not something you can mandate, it evolves organically from the first two factors of fun and family.

**Freedom:** in organizations with an outstanding culture, people are given the training, resources, time, help, and support to do their job extremely well – and then they are given the freedom (empowerment) to go out and succeed on their own. One of the fastest ways to kill the creativity and engagement of talented employees is to attempt to micromanage their work.

**Pride:** in organizations that build a winning culture, people are proud of where they work and what they do for a living. The easiest way to ascertain this is to ask someone what they do for a living, if they affiliate with their job function i.e. "I'm an engineer" then they don't take a lot of pride in the organization. However, if they affiliate with the organization first i.e. "I work at Microsoft as an engineer" then you've got someone who takes pride in the organization AND what they do is a job function.

**Praise:** it is hard to understate the incredible importance of recognition and celebration to a winning culture. In an organization that has highly engaged and satisfied employees, one of the main things that motivates them is receiving genuine, honest and sincere praise at least once every seven days. This praise does not have to come from the boss or manager, it can be received from anyone on the staff, the key is that it must be specific and genuine. I heard a great quote the other day that really brought this home for me, "When I do something right I am NOT recognized 99.9% of the time, but when I do something wrong I am absolutely recognized 100% of the time." An organization that attracts top talent and builds a winning culture, is an organization where the managers, leaders, and entire staff are looking for ways to catch people doing things right and then celebrate and reward them for that excellent performance.

**Meaning:** perhaps more than any recent generation, the Millennials are driven not by money, not by achievement, not by power – but for the most part are driven by having a strong sense of meaning in the work they do. It's not just a paycheck to them, it has to be something more, it has to be meaningful. Now for some companies, making the work feel meaningful is easy, such as a hospital or the pharmaceutical company. For other organizations, that don't have such a direct impact on people's lives, it can be a bit more challenging. So the goal here is to help people tie the work that they do to some sort of real, significant positive impact in their family, community or the world.
What I’ve just described, fun – family – friends – freedom – pride – praise – meaning… is what employees are looking for in the kind of culture where they would give 110% of their discretionary effort. From the business side, what most leaders are looking for is having those highly engaged and satisfied employees embrace a culture of: accountability, urgency, innovation, quality and superior customer service. The words that I hear business owners/leaders use most often is that a great culture to them is an organizational culture of highly talented people that strongly embrace an “Ownership Mentality.” Creating an organizational culture that combines these two critical elements, engagement and an ownership mentality, is a key to long-term business success.

Another Key to Success

As I explained above, most companies definitely want their folks to embrace an ownership mentality, but in order to do that it is essential that you set very clear expectations around what great performance and exceeding expectations looks like. Here is one of the most important business phrases I have ever learned:

**Ambiguity Breeds Mediocrity**

You can hire the most talented people in the world, but if you are not very clear about what you want them to do, what great service looks like, what truly great work looks like… what, specifically, they must do to consistently exceed expectations – then there is no way to hold them accountable! So a critical element of creating a winning culture is to put in place the systems, processes and procedures necessary to very clearly show all of your employees exactly what is expected of them. Now, before you go crazy writing new rulebooks and employee manuals let me make something else very clear: **I hate process.** I can't stand rules, procedures, checklists and processes… however, I do know with 100% certainty that it is impossible to create "repeatable success" without putting processes in place. So the goal here is to understand deeply what the most important elements of success are in your business – and then create only the processes and systems necessary to ensure that those key deliverables are consistently executed exceptionally.

It is pretty straightforward: clear expectations lead to higher levels of accountability – higher levels of accountability lead to higher levels of employee engagement – which is the single most critical success factor in creating highly loyal, engaged and satisfied customers.
Extreme Customer Focus

Next, we take the first two elements of the equation "Talent + Culture" and focus them intently on delivering consistently superior customer service. Let's just deal with the facts: for nearly every organization in business today, about the only sustainable competitive differentiators left are the quality of your people and the quality of the service they deliver to your customers. Competitors can copy your products, they can copy or beat your price (there's always someone willing to go out of business faster than you), they can copy your distribution channels, they can reverse engineer your technology, they can put a location directly across the street from yours...they can copy just about everything BUT who you have on your team and how your team treats the customer. Therefore, building a culture of extreme customer focus, where your organization "owns the voice of the customer," is one of the surest ways to control the marketplace. How do you do this? In 100 different ways, from surveys, to feedback cards, to customer panels, to new users groups, to focus groups, through social media... any way and every way you can possibly get closer to your customer than your competition.

*Remember: whoever has the best relationship with the customer wins!*

Disciplined Execution

Lastly, you combine the first three elements: Talent + Culture + Extreme Customer Focus... and then you work like crazy to get your entire team to execute with discipline!!!

For the past seven years I have taught a class on strategic thinking at the Wharton School of Business at the University of Pennsylvania. Each year I have about 100 senior executives attend my class, and every year I ask the same question: "What percentage of companies that know how to succeed in the marketplace, that have a great strategic plan, that know how to differentiate their products and services...effectively execute their plans?" Year after year the answer is the same: 10 to 15%. It does you no good whatsoever to bringing great people, create an amazing culture, and do a superior job of listening to your customers – if you cannot instill a high level of disciplined execution where your great ideas are turned into massive action in service to your customers. As I mentioned earlier (these all tie together), execution is a derivative of very clearly communicated expectations, visibility around key performance indicators, high levels of accountability and high levels of employee engagement.
(T+C+ECF) x DE = Business Success

So there you have it, the pattern of business excellence: Talent + Culture + Extreme Customer Focus multiplied by the power of Disciplined Execution. Now I fully admit that these are NOT the only things that drive business success; you obviously have to have great financial management, put out a quality product, and do it all legally and ethically...but it is my position that if you can consistently nail these four things extremely well in your business, you will have addressed the major areas of focus that will allow you to build and sustain a highly successful organization.

About the Author

“Making the Very Complex... Awesomely Simple” is no mere catch-phrase... it is truly John Spence’s mission in life. For the past two decades John has traveled worldwide to assist more than 300 client companies such as Microsoft, IBM, Apple, GE, Qualcomm and numerous other Fortune 500 firms.

At the age of just 26 John was named CEO of an international Rockefeller foundation, where he directed projects in 20 countries. Two years later he was recognized by Inc. Magazine as one of our country’s “Up and Coming Young Business Leaders.” John has twice been selected as one of the Top 100 Business Thought Leaders in America and has been recognized as one of America’s most respected Small Business Gurus along with Seth Godin, Malcolm Gladwell and Apple.

John is the author of two books: “Excellence by Design” and “Awesomely Simple” and has been a guest lecturer at more than 90 colleges and universities including Harvard, Stanford, Cornell and the Wharton School of Business.

You can learn more about John Spence at: www.johnspence.com