

Picking Up Leadership's Five Smooth Stones

By Shawn P. Spendlove

On October 8, 2009 Mr. Paul Gustavson of Organization Planning and Design, Inc. presented "Leadership's Five Smooth Stones" to the Salt Lake Chapter of the BYU Management Society. Mr. Gustavson founded his company in 1984 and has since worked with clients like American Express, Bristol Myers Squibb, GE and Xerox. He has consulted with BYU football head coach Bronco Mendenhall since he was named Head Coach 5 years ago.

The first smooth stone that leaders should use like

David used stones against Goliath is to "Design for competitive advantage." Gustavson said that even with a good team if you have the wrong strategy it doesn't work. Michael Porter defined strategy as "performing different activities from rivals" or performing similar activities in different ways." Gustavson elaborated that this represents marketplace positioning that is revealed through the unique activities of a company.

Some examples of this are Southwest Airlines and Apple, whose unique activities give rise to their performance within their individual marketplaces. Southwest has no assigned seats and does other unique activities all so they can get one more plane in the air a day than their competitors. So we must ask ourselves, "Where is my marketplace position / competitive space and what are my unique activities?"

The second stone is "Organizations are perfectly designed to get the results they get." Mr. Gustavson described a simple framework he uses to look at the choices companies are making and the culture these choices are driving that produce outcomes these companies are getting. He also looks at environmental influencing factors to determine how that affects the choices the company makes. To further examine the choices a company makes he determines to what extent the mission, principles, strategy, goals and objectives drive the activities and choices around the people, rewards, renewal, technical, structural, and decision-making systems of the companies. The problems that companies face are caused by a misalignment among these choices. For example, rewards systems can be misaligned with the goals and objectives of the company, which in turn adversely affect the people of the organization.

It is all about choices and consequences. For example, in 1987 Kmart had more profit and revenue than Wal-Mart. They were going after the same customer set, but their choices made the difference. Kmart's set of choices was about marketing and brand boutiques. Wal-Mart chose lowest prices and a world-class distribution system. Wal-Mart also required store managers to spend 20% of their time in competitor's stores and reporting back. They knew what their competitors were doing. How much time do we spend with our competitors in their locations to understand what they are doing? Another example is with the San Jose Police department. They solve 93% of homicides, yet the San Francisco Police Department only solves 20% of homi-

activity that improves knowledge, which allows them to have 1.3 officers per 1000 residents versus an industry average of 2.6 - 2.8 per 1000.

The third stone is "Organizations are made up of business processes; but not all work is created equally." In the example of a specialty bakery, their



processes from raw materials to finished goods range in importance from compliance to competitive advantage. So to have a unique offering they have to perform their competitive advantage processes differently than their rivals. To do this, all processes need to have an owner, and sub

processes should also have owners to avoid duplication. Organizations can identify which processes to design around by using a "categorization of work decision tree" and assigning activities to one of these descending categorizations: Competitive Advantage à Competitive Enabling à Essential à Compliance à Don't Do. The principle is to design differently around the Competitive Advantage work! If essential work is left unabated it will always eat up the competitive work.

"Knowledge - the purest source of Competitive Advantage" is the fourth smooth stone in a leader's toolkit. Knowledge is the most valuable asset and it must be organized into one of the resulting quadrants of "codify-able" & "non codify-able" by "know how" & "know that" designations. This means that knowledge could be classified as Rules, Values, Technological or Procedural, or Zen Expertise. Here again we can determine which pieces of knowledge are of a competitive nature. Then an organization must look at their Knowledge Capability that is defined as the product of their Discovery Ability and their Knowledge Diffusion. If, for example, an organization's discovery ability is 8 out of 10 but their ability to diffuse the knowledge is only 2 out of 10 then their Knowledge Capability is scored at 16 of 100. To improve the diffusion of knowledge by just 1 point then overall Knowledge Capability rises by 50%. This can inform a company where to focus knowledge improving efforts.

The last smooth stone in leadership is "Capturing the Hearts and Minds" of those we lead. The reason 70% of strategies never get implemented is that leaders have not captured the hearts and minds of the participants. We must Ignite, Involve and Unite those that we lead. And to ignite we need to make it memorable. The three strongest facilitators to make it memorable are; an emotional experience, a connection with music and the use of a metaphor. Igniting is like "Seeing is believing." Once we can help the participants see themselves winning we have started to capture their hearts and minds and may well be on our way to successful strategy execution that leads to sustained competitive advantage.

For more information you can contact Paul Gustavson at Paul@opdinc.com Or visit his website at www.organizationdesign.com

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