

# **Paid to Think** **VERSION A**

by

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## Introduction – You’re Paid to Think

Think back to the first time you applied for a leadership position. During the interview, the people across from you weren’t asking themselves if you knew how to rotate tires or mulch a garden. Instead, they were assessing whether you had the *thinking skills* to create a better future for their organization. Could you create new opportunities, solve challenges, and redirect employee energies to achieve overall goals? Although they may not have articulated their strategy, the interviewer offered the job to the best thinker. If you were the winner, you were paid to think.

So what should you be thinking about? Leaders are always looking for answers, oftentimes hunting and pecking for another needle of knowledge in the haystack of leadership and management writings. Like them, perhaps you haven’t found answers in the past, because there is a disconnection between the ways in which we teach and learn leadership and the realities of leading.

You want to know what to do and how to do it. What to think about and where to focus your energy. But unfortunately, as expressed to me several years ago by a pharmaceutical-company’s manager, most business and leadership books don’t teach you that. She expressed her disappointment that these books contained good ideas, but they “never taught [her] *how* to be great.”

The ways in which we’ve been taught how to lead and manage are flawed. Most methodologies are based on the wrong questions, they are out of sync with how we actually perform on the job, and they reinforce a practice-makes-perfect ideology that simply reinforces our misperceptions and mistakes.

Most approaches to leadership focus on traits and attributes instead of on activities and tools. Learning leadership traits and attributes *doesn't* build successful leaders. You can't learn 'charisma,' and you can't transfer 'determination' from one leader to another. You can't teach focus, but you can elicit it from others by having the right leadership tools at your disposal and knowing how and when to use them.

Similarly, we need to approach leadership realistically. True leadership thinking takes place from the 50,000-foot perspective. In other words, you must see the big-picture, aerial view of your organization's 'landscape,' in order to coordinate all of its silos—departments, teams, organizational units, competitors, vendors, customers, markets vendors, transportation—into one interconnected, harmonious unit. If you're a small-business entrepreneur, you don't want to sell a product that your supplier can't provide. If you're a corporate CEO, your attempt to solve a sales issue must take into account other factors such as internal logistics, market and employment conditions, and new product development.

However there is a major disconnection between the reality that solid organizations function holistically and the 'silo' approach to leadership taught by business schools, where students gain in-depth training in specific areas but are not taught how to think about an organization as a whole and link the silos together. We learn one thing, but we actually do another.

We've also been buying in to the practice-makes-perfect ideology by using on-the-job training techniques that in some instances work and in others simply perpetuate misconceptions and mistakes. Most leaders didn't go to school for business, and many of them didn't go to college at all. This means that the majority of decision makers learned how to lead and manage through on-the-job (OJT) training: watching others, taking part in formal and informal training

programs, and trying and testing ideas to see what works. None of these methods contain the type of structure or universal tool that can easily be transferred from one leader, department, or organization to another. As a result, a flaw, error, or misperception can easily pass from one person to another without anyone realizing it.

But what if there exists a universal set of challenges and solutions, and therefore activities that every leader engages in all the time throughout any enterprise? This would mean that you can identify and transfer these skills to yourself or anyone within your organization. All of you can speak the common language of these skills, tools and activities, accelerating the rate of organizational achievement.

*Paid to Think* is a different kind of book—it focuses not on leadership attributes and management theory, but rather on the activities and tools that leaders and managers need in order to build great organizations.

First we will break down some assumptions about management and leadership and learn the basis for a new way of thinking.

The subsequent four parts will go in to detail about this new way of thinking and give you the knowledge and tools to be a new kind of leader. When you complete this book you will be motivated to start using the tools immediately as your new insight transforms your thinking and behavior. Change *how* you think and *what* you think about, and you will solve challenges, capitalize on opportunities, and build a stronger future for your organization.

## Part 1-Things to Think About

## Chapter 1 – Thinking

Although everyone who runs a group or organization may think they're facing unique leadership challenges, that idea simply isn't correct. I know that because I've spent the past 10 years working with decision-makers at every level, from organizations of all sizes, from all sectors, across the United States and around the globe. In all, I've conducted more than 1400 one-on-one interviews with top leaders, mid-level decision makers, and front-line managers across hundreds of industries. I didn't ask these people the typical research-based questions—how they defined “leadership” or what traits they looked for in great leaders. Instead, I asked them a single, specific question:

*“What are some of the challenges you're facing today?”*

That simple question triggered a tsunami of answers—I recorded more than 6000 challenges in all. And in the course of those thousands of hours of interviewing, I discovered something remarkable. Every member of this large and diverse group of individuals was facing the same kinds of challenges and working toward the same kinds of solutions. The vocabulary might change, the magnitude and metrics of the issues might differ, but these interviews demonstrated to me that the core responsibilities and activities of leadership are universal. Forget about the artificial silos of departments, business units, and management levels that constitute most organizations and ignore the vast differences in the types of products and services offered by one industry or sector versus another. My research clearly revealed that every decision-maker faces the same leadership challenges.

So, it didn't surprise me when my interviews also revealed some distinct patterns in the activities decision-makers undertake to address the challenges they face. As I labeled and categorized these activities, I realized that they presented a much different picture of leadership than that formed by the highly specialized and individualized 'tracks' taught in most MBA programs or other training experiences. I categorized the ways in which leaders solve their challenges into just four groups of activities—Learning, Strategizing, Leading, and Forecasting—that I later assembled into the leadership model I call Enterprise Thinking, or ET for short. ET is the model of leadership I'm going to describe in this book, and—if you're a leader or manager—its four quadrants of activities include just about everything you're paid to think about.

Enterprise Thinking focuses on the actual work of leadership, not its attributes. So, while I won't be helping you buff up your charisma quotient, I will be giving you the tools and practical techniques you need to become a stronger, more effective leader. Like a plumber's pipe wrenches, snaking devices, pumps, and other essential tools, you need processes, concepts, methodologies, and principles to do your job well. Drawing from a master toolkit makes your work more efficient, more effective, and your successes easier to replicate throughout the organization.

Consider the process you use to strategize. Can you outline the steps? If I were to ask your staff about their own strategic-thinking processes, would their models mirror yours? Of the thousands of decision makers with whom I've worked, only a handful could truthfully answer 'yes' to that question. ET will show you how to create and use the tools and processes of leadership to solve challenges and uncover opportunities, and it provides a model for leadership

thinking that can be transferred and used throughout your operation. As a result, ET can help you build a stronger and better future for yourself and your organization.

In this chapter, I'm going to briefly outline the Enterprise Thinking model and its four quadrants of activities. Then, we'll take a look at the value and benefits of ET to you and your organization.

### **Enterprise Thinking: An Improved Way to Lead and Manage**

So, I've said that all leadership faces the same types of challenges and meets those challenges by engaging in certain universal activities. Learning, Strategizing, Leading, and Forecasting are the four categories of those activities that I've used to form the cornerstones of the Enterprise Thinking model, shown here in its simplest form.

<b>Learning</b>	<b>Strategizing</b>
<b>Leading</b>	<b>Forecasting</b>

So what types of activities fall within each of these ET quadrants? Here's a snapshot:

- **Learning:** All leaders are continually in two states of learning: developing awareness and gaining in-depth knowledge. The tools you learn in this quadrant help you acquire new knowledge, enhance your global awareness, and watch your competition.
- **Strategizing:** All leaders are strategizing all the time. You must develop targeted strategies that drive your organization forward and at the same time, direct every project, initiative, employee, and resource toward common goals to maximize their collective strengths. The processes and tools you learn about in this quadrant improve your skills in strategic thinking and tactical planning, new product and service development, alliance-building, and leveraging technologies.
- **Leading:** All leaders are continually guiding and directing others, either directly or indirectly. While the other three quadrants of ET focus on thinking to ensure that you make good decisions before acting upon them, the activities in this quadrant address how you take action and how you reach organizational goals through other people. This quadrant includes empowering others, implementing change, and selling your ideas and objectives internally and externally to achieve desired outcomes.
- **Forecasting:** Leadership is all about building a better future—for leaders and the organizations they run. The Forecasting quadrant of ET includes tools for developing and maintaining future-oriented focus, seeking out new opportunities for innovation, and spotting, assessing, and addressing trends, challenges, and opportunities.

These four quadrants of activities cover every aspect of a leader's or manager's day. If you doubt this, think for a minute about how you spend your time. During any day, you learn about new information or become aware of new conditions, you use that information as you strategize to ensure that you make the right decisions for your organization and, using those

strategic decisions as touchstones, you lead others in the pursuit of a new future. In other words, you're already working in the ET quadrants; the information in this book will help make that work better, faster, and more productive.



### Leadership at 50,000 Feet

Michael Schriver, President of Worldwide Store Operations for Duty Free Shops (DFS), the world's leading luxury travel retailer, uses all four quadrants of Enterprise Thinking leadership to drive his organization's success and build its future.

If you've traveled by plane, you've probably seen the DFS logo on retail shops in airports and destination points around the world. The business is even bigger than most people realize. Some airports have as many as ten retailers associated with this umbrella brand, although many of them don't operate under the DFS marquee.

A significant component of DFS's sales-and-marketing model focuses on capturing the Asian travel market through both travel-agency and retailing services. A popular Asian custom is for travelers to bring back gifts to their friends and family after a trip. By guiding its Asian travel clients to destinations with multiple DFS-owned gift shops, and by making sure those shops were stocked with the types of items those travelers would be looking for, the company

redefined its retail sales experience and outcomes.

Schriver and his team continue to scour new information for insights that offer strategic opportunities. For example, when Schriver's research indicated that Japanese buyers prefer white-gold jewelry, and Chinese buyers prefer yellow-gold and white-gold combinations, especially in their watches, DFS placed Japanese-speaking sales representatives near the white-gold stock in some of its larger gift stores, and Chinese-speaking reps near the displays of yellow/white-gold items. Through data mining, DFS can accurately forecast (with only a dollar or so in variation) what travelers will spend in DFS shops.

Shriver utilizes all the elements of ET by learning about his customer base; strategizing to ensure he's creating strong products, services, and alliances; leading and empowering a global team; and remaining constantly on the lookout for trends, cycles, and patterns that would help him forecast and make better decisions.

## **The Value of Enterprise Thinking**

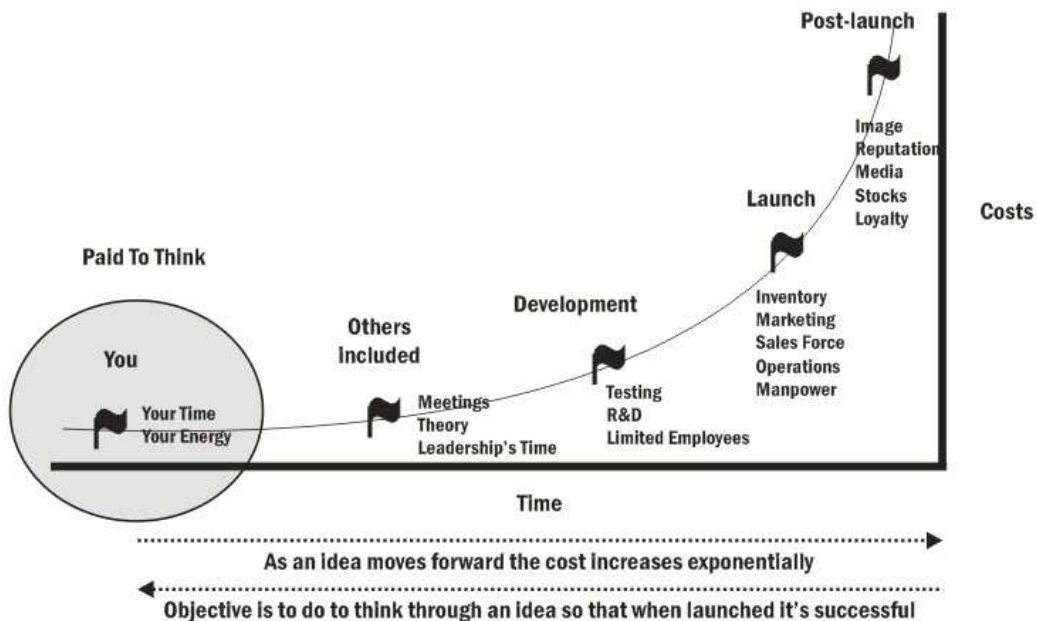
We've talked about the 'big picture' benefits of leadership based on Enterprise Thinking. It empowers management, helps leaders rise above the confusion, gather the information they need, develop strategies and tactics for winning, and then lead their organizations into a better future. But I think it's important that, before we launch into the nuts and bolts of using ET's tools and processes, we take a moment to look more closely at the specific value of ET and the benefits it brings. Those benefits are real—more efficient processes, more productive collaborations and alliances, better strategic focus, stronger outcomes, improved individual and organizational performance, and fewer wasted resources. Before we leave this chapter, let's examine these specific benefits in more detail.

### **ET Saves Time and Money: The Economics of Thinking**

ET helps you think through initiatives before you invest your organization's resources. The better a leader is at thinking through an initiative up front, the more valuable and less expensive the initiative will be long term.

Too many leaders today spend too little time thinking through the challenges that face them, believing that time is money and action is the best demonstration of leadership. As advancements in communications and technology increase the rate in which we conduct business, you can feel more pressure than ever to act fast. But speed really can be a killer; actions as simple as the press of a Send key can multiply mistakes rapidly if you haven't thought out the effects in advance.

The role of leadership and management is to think through ideas well enough so that when they put their ideas into action, the plan works. The diagram below illustrates just how economical thinking really is, and how much time and money it can save in the process of launching a new initiative.



### The Economics of Thinking

As this diagram illustrates, those who think better, faster, and more accurately before they act tend to win more often than people who don't. Let me explain:

When you first contemplate choosing and launching a new initiative, you're asking yourself many questions. Do we have the time or resources? Can we actually pull this off? What technology can we use? What tactics should we employ? The answers to these questions will determine the success of the project, and so this block of time—shown at the far left of the graph—is the most important phase of the process. It's also the cheapest. That's because thinking is relatively inexpensive compared to action.

As your idea moves forward one more step, you ask for input from others, such as designers, architects, specialists, and vendors. You're starting to spend money now, by investing the time of others in the planning process. But it's still talk, and talk is relatively cheap. As you continue developing your initiative, you begin to add staff, utilize organizational resources, and

spend capital. With every new phase of the initiative's development, the pace of investment costs accelerates.

Finally, you're ready to launch the initiative. At this stage, it can be very difficult for people to let go of a bad decision. When thousands, even millions, of dollars are invested, and people's jobs are on the line, the all-too-frequent choice is to avoid the light of truth and just go forward. With the launch phase, costs reach their peak. If you should have stopped but didn't, the losses can go well beyond the investments you've already sunk into the project. You might lose access to an emerging market, and drive away existing customers—as well as some great employees. Failed initiatives can tarnish your reputation, dry up lines of credit, and trigger investor troubles. The costs are enormous compared to a small up-front investment in thinking first.

ET gives you the tools you need to make the right decisions up front, mitigating risk and increasing your chances of success. And, rather than freezing you in a state of over-analysis, the processes you learn in this book give you a framework for making better, more targeted decisions quickly and efficiently. The early investment in Enterprise Thinking ensures that you aren't wasting time or money pursuing dead-end ideas or half-baked plans to a potentially devastating conclusion.

### **ET accelerates leadership learning and achievement.**

You don't have a limitless reserve of time to build leadership and management teams. ET enables you to train and mobilize talent quickly and effectively. Like military basic-training programs that transfer a core set of tactical skills to soldiers so that they get up to speed rapidly,

ET's universal tools and processes are more consistent, reliable—and quicker to teach and learn—than on-the-job training.

Empowering and developing leadership is not just a competitive advantage, it's a necessity. With 7.5 billion people on this planet and a shrinking global economy, it's hard to imagine that we're suffering from a shortage of qualified leaders, but we are. In an early 2009 survey of 39,000 employers across 33 countries and territories, nearly a third reported difficulty finding suitable talent to fill open positions; leadership fell in the talent-shortage top 10. In the United States alone, Forester Research indicates that between 50-75% of senior managers in *all* American businesses became eligible for retirement in 2010. McKinsey Quarterly 2009 stated that 44% of the executives of Chinese companies saw leadership talent as the biggest barrier to achieving their global ambitions (China Economic Review March 11, 2009.) At some point in the not-too-distant future, a huge number of business leaders will have retired. ET will help you build next-generation leadership in your operation.

#### **ET builds next-generation leadership.**

Enterprise Thinking fills the gaps left by current education and training methods, by going beyond lessons in leadership traits, characteristics, and theory—none of which are reliably transferable. ET gives you tools and practical instructions for using them to improve your own skills and knowledge and to build other leaders within your organization. Teaching colleagues and staff to think at the 50,000-foot level strengthens your organization and its marketplace position. .

### **ET eliminates artificial barriers and breaks down 'silos.'**

The siloed approach to leadership taught at business schools may work well in theory and exam papers, but ET's holistic approach teaches leaders how to function in the real world. Every tool helps you and your management team to integrate the silos of your organization by breaking down the artificial boundaries that separate individuals as well as departments. Remember, ET's tools are universal—they work in any organization, at any level, with any department, group, or individual application. A VP of marketing can use them as effectively as a production manager. And, should the two departments' leaders collaborate on a project, their common structure of tools and vocabulary will put them on the same page as they strategize, report on progress, and allocate and share resources.

#### **Tearing Down Silos to Build Better Results**

Agresso North America, a Victoria, BC-based North American (NA) subsidiary of the \$500-million Enterprise Resource Planning (ERP) company, experienced a year of significant growth that almost brought the company to a halt. By ignoring departmental silos and uniting behind a common goal, the company was able to build on its momentum, rather than stifling it.

Agresso's president, Shelley Zapp, had broken revenue numbers during her time at the firm. By all accounts, she worked efficiently and had pulled together a stellar team. Now, however, the subsidiary's rapid growth was in danger of slowing down, because the software installation team couldn't keep pace with their colleagues in sales. The installation team would need to hire 30 additional employees, doubling its size, just to keep up with demand. However, this staff had just doubled in the previous year, posing a challenge to managers. The sales staff didn't want to close a software system deal, only to have to tell their client that installation

wouldn't begin for another six months. But the company's sales cycle operated on a six-to-24-month sales cycle with hundred-thousand and multi-million dollar deals, so any letup in sales would deliver a big blow to the company's long-term revenues.

Zapp and her management team thought through their challenges in a two-day strategy session. They stepped back to understand where their biggest challenges lay, what skill sets each of them brought to the table, and where those skills could be best be used, forgetting titles and current roles.

Their strategy was to keep Agresso operating at full speed and on-target for explosive growth during a major staffing ramp-up. After two days of strategic and tactical thinking, Zapp's team had arrived at a two-part solution.

First, they eliminated silos by temporarily transferring some management responsibilities from the VP of Program Management to the Director of Operations and the VP of Sales and Marketing. That move gave the VP of Program Management more time to focus on hiring the right 30 people.

Second, they leveraged technology to allow clients to enter their own data into Agresso's system during the pre-installation stage. This freed up time for Zapp's people to focus on internal changes aimed at growing the installation team without compromising its ability to install new products. Sales doubled again!

Agresso's success in this effort demonstrates the value of ET's 50,000-foot approach to thinking. ET lets you tear down the silos that divide your organization and limit its ability to grow. And, it enables you to use talent and resources most effectively to help advance the organization.

### ET travels with you

The universal nature of ET's tools and processes will continue to offer valuable benefits to you throughout your career. Whether you're leaping up your current organization's leadership chain, changing employment from the one industry to another, or even moving into a totally new sector, your ET tools will travel with you and help you quickly adapt to your new role. That way, you can focus on learning the specifics of the new position, industry, or organization. If you need to work with outside vendors and partners, you're armed with the tools and skills you need to form strong alliances, free of the "Us. v. Them" mentality that hampers so many collaborations. As you form new working relationships or move into new geographic areas, you have concrete methods for establishing common ground and a common vocabulary, and enhancing everyone's ability to contribute to an endeavor faster and more effectively.

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As you work with ET, you'll learn that these are just some of the many benefits it brings to you, your team, and your organization. You'll also find that, even when you're already engaged in some of the activities outlined in upcoming chapters of this book, ET will enhance your performance and improve results. Because it makes your work more efficient, Enterprise Thinking will open up blocks of time in your schedule, giving you more time to think, plan, and create a better future for your organization...to do what you're paid to do.

There's one more stop I think we should make before we dive into the details of the tools and activities of the ET quadrants. Much of what you will learn in upcoming chapters of this

book will be new information entirely, while other ideas will open up a whole new perspective on traditional concepts of leadership and management. If you've never taken the opportunity to think twice about the truths that guide your approach to leadership, the next chapter will trigger that important process. We'll look at some of the "prevailing wisdom" of organizational leadership and business management in a way that might challenge your most firmly held beliefs, even as it 'plows the ground' for learning a new approach.

### **Things to Think About:**

- The challenges that leaders face are the same regardless of their industries, sectors, or management levels and there exists a set of universal tools that leaders can learn and use to solve those challenges.
- Enterprise Thinking is a different approach to leadership that focuses on the four categories of leadership activities and the universal, transferable tools to perform those activities rather than on attributes like charisma or determination.
- Leaders are paid to think, and Enterprise Thinking shows leaders how to
- Silos such as departments and business units, are artificially-erected boundaries that hinder an organization's ability to reach its full potential, but the tools and activities of Enterprise Thinking tear down those silos and empower leaders and managers to work as a single holistic unit.