

Paid to Think **VERSION B**

by

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CHAPTER 1 – You’re Paid to Think

Think back to the first time you applied for a leadership position. During the interview, the person across from you wasn’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? The answer takes me back to a discussion I had several years ago with a pharmaceutical-company’s manager, during which she brought up her disappointment with current business and leadership books. She said that these books contained good ideas, but they “never taught [her] *how* to be great.”

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.

As you face daily challenges, you want to know what to do and how to do it. Paid to Think is a different kind of book, because its premise 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. 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.

Rethinking Leadership and Management

Over the past 10 years in my work as a consultant, speaker, and New York University professor, 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 did not ask research-based questions, such as what they thought about leadership or what they believed were the traits of leaders: authentic, transparent, focused, humble, inspiring, resourceful, etc. Instead, I approached them as someone hired to help these organizations grow and prosper, asking them a different, single, specific question:

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

When you ask different questions, you get different answers. Thousands of hours of confidential interviews uncovered more than 6000 challenges. The interviewees were leaders in businesses and nonprofits, in the sectors of government, military, and education, and from different countries.

From the diverse group of interviewees, I learned that they all faced the exact same challenges masked by a different set of vocabulary. These challenges and their solutions were universal across industries and sectors. They ignored boundaries or ‘silos’ that separate departments, business units, and management levels. Even though their products and services differed, the leadership challenges remained the same.

One interviewee, a public-utility VP, had to recover and control cost increases. A medical-office manager had to keep up with the increasing onslaught of information. An Air Force Lt. Colonel had to create new (top-secret) products, and a school-district superintendent

had to do more with less (due to tax-base erosion). Surely you've faced similar issues at one time or another.

Unfortunately, the ways in which we've been teaching and learning how to lead and manage are flawed. Our 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.

First, we've been asking the wrong questions about leadership, focusing on traits and attributes instead of on activities and tools. Learning leadership traits and attributes *don't* build successful leaders. You can't learn 'charisma,' and you can't transfer 'determination' from one leader to another. Sometimes you can't even transfer a trait you already have from one venue to another. A teenager might have laser focus during a video game, but then zone out in history class. 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.

Second, we've been learning about leadership in unrealistic ways. 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 include other factors such as production, order entry, marketing, markets, employment conditions, and new product development as possible problems or solutions to the issue.

However, my findings revealed 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 link the silos together. *We learn one thing, but we actually do another!*

While attending a conference hosted by The Association to Advance Collegiate Schools of Business, I learned that professors expend 30% more energy teaching a multi-discipline versus single-discipline class. Professors didn’t want to do the extra work of designing and teaching courses that integrate silos such as finance, marketing, and accounting, because they would have to perform more work without receiving more pay. One of my clients explained what this means to people earning business degrees when he said that he learned how to get A grades from his professors, but then he graduated from school asking, “What do I actually do now?”

Third, 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. According to Chad Moutray, Chief Economist for the Small Business Administration’s Office of Advocacy, there are 27 million American businesses, and only 8 million business-degree graduates, *including retirees and people who may one day pursue careers outside the US*. Less than one business in five has a business-degree holder calling the shots; think about the service station, hairdresser, or restaurant in your neighborhood. If you were to account for giant corporations like IBM or Exxon, who *each* hire thousands of people with business degrees, government and military offices, and firms in other parts of the world who hire from the US-educated pool of business-school graduates, the number becomes even more diluted.

This means that 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.

The most significant conclusion from my findings based on the 6000 challenges was that there exists a universal set of activities that every leader engages in all the time throughout any enterprise. What this means to you is that you can identify and transfer these skills to yourself or anyone within your organization, and all of you can speak the common language of these skills, tools and activities, accelerating the rate of organizational achievement.

As I studied challenges and their solutions, patterns emerged that revealed these activities—activities that are different than the material taught in business schools. Not unlike a biologist using taxonomy to categorize life species, I categorized the ways in which leaders solved their challenges into four groups of activities—Learning, Strategizing, Leading, and Forecasting—that later were assembled into what is now my leadership model, called Enterprise Thinking, or ET for short. *These four categories are what you're paid to think about!*

Enterprise Thinking: An Improved Way to Lead and Manage

Enterprise Thinking is a four-quadrant model that focuses on the activities of leadership rather than on its attributes. It contains universal, scalable, and transferrable activities that stand the test of time and cross industries, levels of management, and the 'silos' of departments and business units. Therefore, no matter the size of your organization or the sector or industry it which it

operates, you can use what you learn to improve your own ability to lead and manage others, as well as to improve the skills of other leaders throughout your organization. The four categories are:



The four quadrants of the ET model cover every aspect of a leaders or managers day no matter what they do for a living. During any day you are learning about new information or being made aware of new conditions, you're strategizing to insure you make the right decisions for your organization, you're taking that information and leading others in the pursuit of a new future.

Enterprise Thinking outfits you with the tools you need to do your job better. Like a plumber who relies on pipe wrenches, snaking devices, pumps, and other tools of the trade, you need processes, concepts, methodologies, and principles to do your job, also.

Consider the process you use to strategically think. Can you outline the steps? If I were to ask your staff what strategic-thinking process your organization uses, would their model

mirror yours? Of the thousands of decision makers with whom I've worked, only a handful can answer yes.

The 6000 challenges also revealed a sub group of activities that we will explore in more detail throughout the book. Here are the four quadrants in brief:



- **Learning:** All leaders are continually in two states of learning: developing awareness and gaining in-depth knowledge. This quadrant shows you how to 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. This quadrant teaches you about strategic thinking and tactical planning, new product and service development, alliance-building, and leveraging technologies.
- **Leading:** All leaders are continually leading other either directly or indirectly. While the other three quadrants focus on thinking to ensure that you make good decisions before acting upon them, the Leading quadrant addresses how you take action and how you

reach organizational goals through other people. This quadrant includes empowering others, fostering innovation, implementing change, and selling your ideas and objectives internally and externally to achieve desired outcomes.

- **Forecasting:** All leaders are inherently forecasting, because leadership is about looking far enough ahead to envision and build a promising future for one's organization. The Forecasting quadrant includes developing and maintaining future-oriented focus, and spotting, assessing, and addressing trends, challenges, and opportunities.

Michael Schriver, President of Worldwide Store Operations for Duty Free Shops (DFS), the world's leading luxury travel retailer, leads at 50,000 feet and uses all four quadrants to outline his organization's 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 Asian travelers by marrying 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's research indicated that Japanese buyers prefer white-gold jewelry, and Chinese buyers prefer yellow-gold and white-gold combinations, especially in their watches, prompting

DFS to place 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 insure he's creating product, services, and alliances, utilizing technology to run his business, leading and empowering a global team, selling his ideas, and constantly on the lookout for trends, cycles, and patterns that would help him forecast and make better decisions.

Why Enterprise Thinking is Valuable

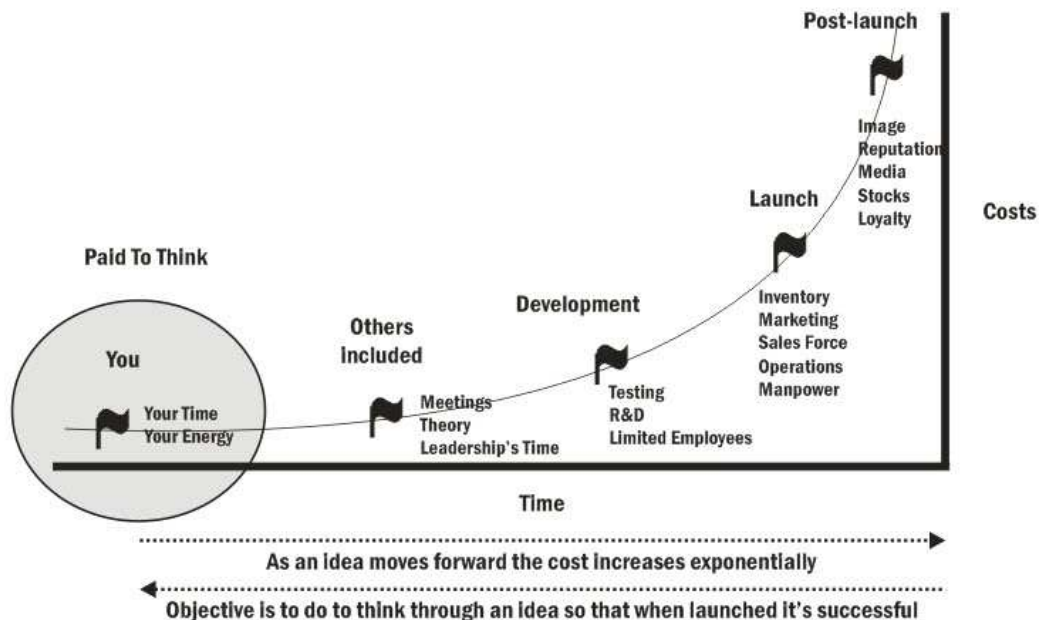
ET helps you think through initiatives before you invest your organization's resources. The better a leader is at thinking through an initiative up front, the more valuable and less expensive the initiative will be long term.

The Economics of Thinking

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 actions like a simple press of a Send key can multiply mistakes rapidly, too, if you haven't thought out the effects of your actions in advance. That's why you must understand the Economics of Thinking.

The role of leadership and management is to think through ideas well enough so that when they are put into action, they work. The diagram below illustrates how it's far cheaper to

think than to launch any initiative, so those who think better, faster, and more accurately before they act on these thoughts tend to win more often than people who don't.



The Economics of Thinking

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? 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. By taking others away from their current responsibilities, you have already begun spending money, but not as much as you will later when you implement your idea.

As you continue developing your initiative, you begin to add staff, utilize organizational resources, and spend capital. The pace of investment costs accelerate.

Finally, you decide to launch the initiative. Costs peak as you complete the launch. If you should have stopped but didn't, then you now waste money associated with a bad launch, such as the loss of great employees, poor media exposure, a tarnished reputation, lost lines of credit, dropped bond ratings, and investor troubles. The costs are enormous compared to thinking first.

ET gives you the tools you need to make the right decisions up front, mitigating risk and increasing chances of success...the Economics of Thinking...without overanalyzing every decision, also. As the Spanish quip goes, you don't want *paralysis due to analysis*. Spend more time thinking and the results will be more on target.

ET accelerates the pace of leadership learning and achievement.

More universal and transferable than on-the-job training, ET enables you to train and mobilize talent in less than half the time. Like military leadership that realizes they can't teach two years of martial arts to get troops ready for combat, you don't have a limitless reserve of time to build leadership and management teams. Military basic-training programs teach a core set of tactical skills to soldiers so that they get up to speed rapidly.

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, and ET will help you build the next generation.

Additional Benefits of Enterprise Thinking

ET fills educational gaps.

Enterprise Thinking fills the gaps left by current education and training methods, by going beyond lessons in leadership traits, characteristics, and theory, which are not easily transferable, and giving you tools and the instruction on how to instantly apply them. ET improves your own skills and knowledge gives you tools to build others as leaders within your organization. The more people who can elevate their thinking toward the 50,000-foot level, the stronger your organization will be in the marketplace.

ET is cross-functional, and it breaks 'silos.'

Teach silo-type thinking and you'll get silo-minded thinkers. Unlike the silo approach to leadership taught at business schools, 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. Gone are the boundaries that artificially separate individuals and departments within your organization. The tools are cross-functional and cross-discipline, meaning a VP of marketing can use them as effectively as a production manager. 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 possibly share resources.

Agresso North America, a Victoria, BC-based North American (NA) subsidiary of the \$500-million Enterprise Resource Planning (ERP) company, had a significant hurdle to

overcome. The firm was bursting at the seams, and Agresso NA's software-installation team needed to hire 30 additional employees in its professional services department to keep up with demand. However, this staff increase would double the installation team's size, which had just doubled in the previous year, posing a challenge to managers.

Agresso's Shelley Zapp had broken revenue numbers since being promoted to President. She worked efficiently and had pulled together a stellar team. Now, the subsidiary's rapid growth was in danger of slowing down, because the installation team couldn't keep pace with sales. 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 reallocating some management responsibilities of the VP of Program Management to the Director of Operations and the VP of Sales and Marketing, giving the VP of Program Management more time to hire 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!

The 50,000-foot approach to thinking ignored silos and allowed the firm to utilize talent and resources most effectively to make the highest contribution to their organization.

ET is cross-level and cross-industry.

Along similar lines, Enterprise Thinking is cross-level. You can use these tools to do your job now and in the future. Use ET to train and educate others regardless of their level of management, from senior to mid to front-line decision makers. Whether you're a project manager leading a team of chemical engineers or the director of a charitable organization, the tools are the same.

Enterprise Thinking is cross-industry and cross-sector, so if you're the CEO of a detergent-manufacturing plant, you can use the tools as effectively as a director of a local food bank. Corporals and construction supervisors can benefit as well as agency directors and college administrators can.

Furthermore, if you change employment from the one industry or sector to another, such as manufacturing to retailing, or from one sector to another, like government to healthcare, you can take your tools with you and adapt to your new position quickly. All that would be left to learn would be the specifics of the industry.

If you need to work with others outside your organization, such as vendors and allies, the 'we-are-different' myth will not hold you back. Whether you build alliances or move into new geographic areas, you can use the tools to put everyone on common ground and with a common

vocabulary, enhancing everyone's ability to contribute to an endeavor faster and more effectively.

You are already engaged in many of these activities in your daily work, and ET will enhance and improve what you already do. The ET quadrants do not have to be performed sequentially, they are not linear, and they do not fall within any hierarchy of importance. You determine what activity should take priority at any given time depending on the current needs of your organization.

This book is structured in four sections, with each section corresponding to the four quadrants of the Enterprise Thinking model. The quadrants are not linear, meaning you don't have to perform the activities of each in any order. However, when you learn about them, you will notice that Strategizing is presented before Learning, because many of tools in the Strategizing quadrant form the basis for activities performed in the other three quadrants.

I doubt you will complete this book and ask, "What do I do now?" Instead, you'll be motivated to start using the tools immediately as your new insight transforms your thinking and behavior.

Like others who have used these proven tools to achieve success, you will find that 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.