The Laws of Management Physics:

A Guide for Hands-On Managers

by

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Preface

About 40 percent of my 50 years in management was spent mentoring presidents of small companies, including several start-ups. Most of the companies I encountered had a president who was the owner or at least the majority shareholder. By nature, many of them had an “I” complex, which was far from the culture needed to grow a company beyond a couple million in sales. The major limitation to growth was in the culture so it was my job to help them change that culture.

The first and foremost characteristic was trust. Trust started with delegation, but delegation alone did not get it done without controls, checks and balances and, most of all, planning.

But to advance managers to the necessary culture, the existing culture limitations had to be understood as well as the many “people elements” of management that were needed to make the successful transition.

Not all the clients I worked with made it. Some just couldn’t give up the “life style” business they enjoyed and others didn’t have the vision that was needed to go beyond their limits by adding the needed managerial disciplines.

After years of preaching what I believe, I decided to put my thoughts to paper. This started the “Busting $10 Million” series. I don’t know that this is the end, because I am still learning every day and may put my knowledge to paper eventually. I decided to print the ***Dadamo Creed*** again to make it clear that I don’t think I am an expert, but more of an observer.

Dadamo Creed

“I do not profess to be an expert, but I do profess to be an observer. So, listen to my observations, which are built on years of experience, and accept there is more than one way to do things! In fact, listen to how I have done things wrong as well as right, so you can avoid the same mistakes. Then, if I have challenged your mindset and encouraged you to consider alternatives, I have accomplished my task.”

Hopefully I have helped form more capable managers in the world. I do know I helped many of them to make more money than they every dreamed of. For me, the

compensation was okay, but my greatest satisfaction was to hear someone quoting and explaining the “Laws of Management Physics.”

Introduction

"The Laws of Management Physics, a Handbook for Hands-On Managers" was first published in 1994. The basis for the book was for what I call the Laws of Management Physics and the first 51 were included in the book. At that time, I was giving seminars and presenting all 100 of the laws.

This book is a collection of all the 100 laws. Originally the laws were directed to small growing companies with visions of busting $10 million in the revenue barrier, however I have found in my management experience most of the laws also apply to larger companies.

The series of books directed to "Busting $10 Million" now include:

- *The Laws of Management Physics: A Handbook for Hands-On Managers*
- *Will the Real Inventory Stand Up and Be Counted*
- *Marketeer or Pied Piper, Salesman or Con Artist*
- *Planning As Good As It Gets, Or Plans Were Born To Be Changed*

- *Finance: Not Just For Bean Counters*
- The Laws of Management Physics: A Guide for Hands-On Managers

In business, change is all about culture. But in a growth situation how is the leader who is doing it for the first time going to know about what lies ahead?

In many situations, I have had to make the president of the growth company realize that every day he came to work, he was running the largest company ever in his career.

With my first book, *The Laws of Management Physics*, I tried to identify the need to understand the cultural changes that lie ahead by first understanding the present.

For instance, Law #1, **The Goesinnas Must Exceed The Goesouttas,** is a must in a start-up, but is just as important in bigger companies when it comes to pass that cash, not profit, is what will sustain a company's success.

Law #3, **A Staff That Stays Together Cannot Grow Together…At The Same Rate**. The sooner this is recognized and addressed a company can grow faster as the weakest link will always be an anchor on the growth rate.

The book goes into a lot more detail, but I believe the guide will be a handy guide to knock down hurdles along the path to growth.

Law #1

The Goesinnas Must Exceed The Goesouttas!!

To run a business successfully, the cash deposited into a company over time must exceed the cash out.

Many companies fail because they haven't managed cash very well.

In large companies, managers running multi-million dollar divisions can lose sight of this, as cash is not of primary importance. This is why many large company managers failed when they ventured into the world of running a business. Whenever they needed cash, some magical kingdom called "Corporate Headquarters" would send it, just as a parent does for a child at school.

There is no more sobering way to learn this law than to try to make a payroll with no cash in the bank.

Law #2

Profit Is The Muscle Of A Corporation; Cash Is The Blood!!

Companies can run for a long time with negative profits, but *without cash* they will die.

It is part of the American culture that a company’s stock price will go up when the company announces massive losses “as cleaning up their act.”

It is very difficult for the layman to comprehend large corporations reporting hundreds of millions (and even billions) of dollars of losses in one quarter. Creative accounting can make the profitability of a company look good and can be misleading as it relates to cash availability and survival.

Thinking as a supplier, you must understand that a *profitable* company may still not be able to pay its bills.

Law #3

A Staff That Stays Together Cannot Grow Together…At The Same Rate!!

A staff that stays together can only grow from experience, and with different education, personalities, motivations, and reactions to change, the rate of growth will vary for each member.

Many companies are restricted in their growth rate because they are reluctant to replace staff. However, there will always be a weak link in the staff chain that should be addressed. Of course, the first place a president should look to *his own position* and his ability to keep up.

Everyone should have a mentor to supplement “on the job experience.”

Growth requires changing the culture of a company. Most likely, a staff that stays together will perpetuate the existing culture. This makes it necessary to bring personnel in from the outside.

Law #4

For Every Delegation There Must Be A Control!!

Whenever a responsibility is delegated, a control should be established to ensure that the task is done correctly.

Delegation does not mean *abdication*! The delegating manager still has the responsibility to make sure the task is being done correctly.

Two other factors contribute to successful delegation.

Delegation requires trust in the person being assigned more responsibility.

Delegation of responsibility is doomed to fail unless there is also matching delegated authority.

Controls can take many forms – such as: policies, limits, new procedures or reports. Controls are not meant to slow down the process, but to ensure that tasks are well thought out ahead of time.

Law #5

Customers Will Ultimately Forget Poor Delivery Or High Prices, But They Will Remember Poor Quality Forever!!

Customers will be reminded every day of poor quality. They will be aggravated if the product isn't working or performing to specifications. Never aggravate a customer this way.

Quality, far more than pricing and delivery, determines the image of a company.

Money and time invested at the front end – to do the job – right are wise investments.

Law #6

Many Times Nothing Can Be Better Than Something!!

Allowing a bad situation with an employee to continue can be more devastating than having no one in that position.

There is a tendency to hold onto a non-productive problem employee anticipating a “long waited” alternative, but removing him or her will force action (and an ultimate solution) more quickly.

When an ineffective person becomes a negative force, that person should be removed **immediately**!

Permitting a known bad situation to continue can have an adverse impact on the morale of those employees involved with the ineffective person. They will question management’s competence when no action is taken to correct the situation.

Law #7

Good Collections Start With A Well-Defined Purchase Order!!

Most likely a customer will pay only for what they purchased, so the documentation **must** reflect in detail what the customer is buying.

There are many reasons a customer doesn’t pay on time besides not having the money. Perhaps the shipment didn’t match the purchase order; the invoice didn’t match the purchase order, you shipped too many; you shipped ahead of time, or the items aren’t performing to the purchase specifications.

All the screaming in the world will not help collections if the customer is not satisfied. It is far better to put that energy into ensuring that all the documentation is correct and the product works, well ahead of time

It is helpful if a top executive is involved with collections to some degree. It provides an excellent feedback for the entire process and helps identify internal problems.

Law #8

When Telling Someone Something They Do Not Want To Hear, You Must Tell Them Five Times Before It Finally Gets Through!!

It is important to be sensitive to what may be “bad news” to a subordinate. When it requires an action, you must tell them over and over.

Unfortunately we all put up an invisible filter, which is easily activated, when we are receiving unwanted signals.

A good tip-off that what has been said is not sinking in is a quick reply like, “Okay,” or “I understand”, without asking questions that dig deeper into the underlying causes of the negative feedback.

Caution – Upper management can get in trouble by not wanting to accept adverse customer feedback. In other words, they “Kill the Messenger.”

Law #9

When The CEO Starts Every Sentence With “I”, You Are In Trouble!!

This is particularly true regarding legal matters. Haven’t you heard, “I will go to the Supreme Court if necessary,” – with no regard for what is good for the company.

It is with a lack of honor that the CEO says, “**I** did great,” when he succeeds, and “My people screwed up,” when he fails.

Other typical comments: “**I** am the only one who comes up with original thoughts,” and including in a condescending manner, “Why am **I** the only one who can solve the problem?”

Law #10

Plans Are Born To Be Changed!!

The process of planning can be more useful than the plan itself.

Plans are most effective by putting most of the energy into the *assumptions*.

Most plans die when there is no monitoring or follow to the planning activity.

The plan is the foundation for establishing priorities and accountability.

Law #11

You Can Not Be All Things To All People….Effectively!!

Trying to be all things to all people (which is really an inability to focus) and poor cash management are the two things most likely to kill a company.

Even corporate giants such as IBM have proven that you can't be all things to all people.

The biggest breakdown comes from the inability to support customers as necessary.

Law #12

Do What You Do Best!!

Doing what you do best is so obvious, yet this law is often violated because of the desire for new experiences and ego satisfaction.

"Start up" presidents can get sidetracked from their missions by getting involved in building leases, dental plans, or media ads, when all of a sudden they become "experts."

A "killer" for companies to avoid is jumping into a new market with a new product.

Companies should look for tasks that could be accomplished more efficiently by off loading them to an outside source. But never, never off load your core competency.

Law #13

The Second Question Is The Most Important!!

Unfortunately, many times the first question is asked in hope that there will be no need for the second question.

A hands-on executive or director needs to ask the second and third questions, if necessary, to prevent surprises.

A person in trouble may give an answer to just make you go away. If when you scratch the surface, you get more surface, you will probably have a problem.

Many managers do not want to hear the answers, so they avoid the questions altogether.

Basically, if you never ask important questions, such as, "Can I have a purchase order?" you may never get one.

There are all kinds of truisms illustrating the point: Nothing ventured, nothing gained…No risk, no success…Ask no question, get no answer…No leads, no orders.

Perhaps the most important question is "why?"

Law #14

Anything Times Zero Equals Zero!!

I have often marveled that a high-tech entrepreneur who's had ten years of math never learned that **anything times zero equals zero**. Hence, they are reluctant to give up any ownership when raising money, passing up an opportunity to own five percent of what could be a $100 Million company to keep 100 percent of their zero-value company.

Law #15

Do Not Put Costs In Place Anticipating Growth In Sales!!

The key word is anticipating, as growth seldom develops as fast as expected.

Anticipation has driven many companies to take on prematurely more physical space than needed. This is the Taj Mahal effect

The added costs can become losses that are not easily recovered.

Keep in mind the day after you move into a newer, larger facility, the only thing that has increased among revenue, profit and expenses… is expenses.

Law #16

There Are Many Times You Can Win By Losing!!

Avoiding a bad deal can be a winning situation.

An overly competitive attitude can cloud your judgments on sound business decisions.

In some situations you'll end up with much better results if you walk away. Always ask the question: What are the alternatives, before making a decision.

Law #17

Success Is Relative!!

Success cannot be judged by results alone; it must be judged against goals and objectives.

Results considered successful in one environment may be considered a failure in another.

Don't be fooled when managers fit results to a newly defined objective in order to proclaim success. This is known as the "After Strategy."

Be careful, as near-term success may not be compatible with long-term goals.

Setting goals and attaining them is success; enjoying them is **happiness**.

Law #18

The Best Way To Motivate Competent Senior Employees Is To Remove The De-Motivators!!

Senior, key employees can be motivated more by knocking down hurdles that hinder spirit and performance than by motivation.

A great de-motivator is a mismatch between authority and responsibility.

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Law #19

Do It Right The First Time!!

This should be the most obvious of all good management laws, as it saves time, energy, costs, and management focus to do it right the *first time*.

Often it is too easy to compromise by using the rationale – " to meet a customers deadline."

Accepting this type of compromise and action manifests itself throughout the organization and breeds compromise in all other functions.

Why is it we may not have the time to do it right the first time but can always find the time and money to fix it later on?

Law #20

One Path To Success Is To Continually Search And Hire People Better Than Yourself!!

A good manager must be secure enough to do this. A real plus is that better people will push the hiring manager to do better.

It is unlikely that a president schooled in one management discipline, say engineering, can effectively teach all staff disciplines – such as sales, finance, and manufacturing.

Having excellent people working for you is a great way to force yourself to do more and to do it better.

Everyone needs a mentor, and this is a way to provide one for both yourself and your present staff.

Avoid hiring people to solve short-term needs.

Be careful of hiring out of work personnel. Shoot for the person who made the cut and did not get laid off.

Law #21

Most Often, Creativity Is Better Than Imagination!!

In my dictionary, imagination is the ability to come up with ideas having no limitation, whereas creativity requires innovation to solve a problem within the limits of the system.

Creativity is more difficult, but more effective. For example, a salesman who says he can get an order if he pays the customer’s real estate taxes is imaginative, but the salesman who says he can get the order by taking the customer for a walk around a California swap meet is creative.

Law #22

The Longer Something Takes To Happen, The Less Chance It Has Of Actually Happening!!

Confucius may have been the first person to say it, but it is still hard for some people to understand this principle. It manifests itself in many ways.

The probability that you will obtain an order from a customer dwindles as time goes on.

Material in inventory is less likely to be used the longer it sits in storage.

The probability that a job offer will be accepted diminishes the longer it takes for the candidate to reply.

Law #23

Your Price, My Terms; Your Terms, My Price!!

An effective approach in a negotiation is to make it clear that the other side cannot have both favorable price and favorable terms.

If the vendor wants tons of money for his or her product, then a long payment cycle will be appropriate. However, if they want cash up front, then the price should be heavily discounted.

The Chinese have a proverb that says, "If both parties leave a negotiation smiling it is a success."

Law #24

At Some Point, The Monthly Revenue Level Has To Change To Match The Bookings (New Orders) Level!!

It is dangerous to hold on to people and expense levels to match past revenue levels when new bookings are decreasing.

Since bookings precede revenue, when bookings run less than revenue for an extended period, it is inevitable that revenue will slide to match the bookings level. The organization must accept the need to be smaller and restructure itself accordingly.

Many managements will find reasons to delay the inevitable, but the sooner adjustments are made the better.

Law #25

Issuing A Third Top Priority Kicks Out The First One On The List!!

Everything cannot be labeled top priority, although people have a tendency to try.

In some organizations, like manufacturing, when a third priority is given, it kicks out the first one.

To be effective, in giving out more top priorities you must also indicate which priorities can be adjusted.

When too many top priorities are laid on subordinates, they can only assume that they know what their boss wants most. This can be dangerous.

Law #26

You Cannot Test Quality Into A Product; You Must Design And Build It In!!

The best way to achieve good quality is with a good design.

All the testing in the world will not improve the basic quality of the design.

Testing can give a false sense of security if the basic design is inherently marginal. Be wary of a design fix rather than a design change, as a fix may create other problems.

A customer will be reminded of a bad design and bad performance forever.

Law #27

No Contract Is The Worse Kind!!

Verbal agreements and implied understandings will play havoc with a relationship when it starts to come apart.

Perceptions change interpretation between a friendly and an adverse relationship, when trouble brews.

It is naïve to believe that no problems will occur because nothing is written down.

Most agreements are usually structured as if success is assured, and verbal understandings seldom, if ever, define the "what ifs" (all those things that might go wrong and what to do if they occur).

It is scary to think of it, but in a court, it's your word against theirs.

At the first sign of trouble and disagreement, "build a file." **Don't leave problems to memory**. This is especially true in dealing with a giant company.

Law #28

Making People Above You In Organization Comfortable Is Extremely Important!!

The boss, owner, or director can only make judgments based on your inputs and the perceptions they determine to convey their confidence.

Usually people will not remember all the details you tell them, but they can leave with a feeling of comfort if they believe you are in control of the situation.

To tell someone not totally involved that “the world will end if the sun doesn’t come out tomorrow” can be unfair, particularly when you resolve the problem before noon the same day, reducing your credibility.

Keep in mind that negative business plans won’t be approved, but they get acknowledged, and you can present them in such a way that you leave the people you are reporting to comfortable by also presenting alternative solutions.

Law #29

The Easiest Product For Your Sales People To Sell Is The One You Don’t Have!!

Salespeople get bored easily and like excitement, therefore they have a natural tendency to sell features and futures that you do not have yet. They love to keep the customer’s interest up and pitch “new” all the time.

Getting sales people to sell what is in inventory is a challenge to all managements.

It is dangerous to allow salespeople into planning meetings or to expose them to the R & D group, as they will run with whatever they hear.

Law #30

High Growth Is Synonymous With Compromise!!

Growth requires stretching the system beyond its capabilities and old procedures. Existing methods become cumbersome, therefore the new dynamics demand compromises. If you can't accommodate compromise with your management style, stay away from high growth.

When high growth resources are strained, there isn't time do everything as thoroughly and with the same detail as in the past. This tends to depress some people.

With high rates of growth, things will never be the same. In a high growth situation, the president will be operating a bigger company than he managed just the day before.

Law #31

Upper Management Has The Right To Talk To Anyone, But They Should Not Chew Anyone Out Or Give Priorities!!

Owners, directors, and bosses have the right to communicate with anyone in the company in search of information about company matters, but they must be sensitive to the impact of that conversation on those they speak.

Any criticism, assignments, or establishing of priorities must be done directly with the employee's immediate supervisor.

Many executives do not understand the leverage that goes with their position. Even small talk can prompt workers to change their priorities, possibly in conflict with those they have been given by their supervisor.

Law #32

People Tend To Fight Giving Price Increases!!

Managers can find all kinds of reasons for delaying a price increase because it is unpopular with the customers, and therefore uncomfortable for the manager to have to tell the salespeople.

Salespeople have an even tougher time because they want to be loved by the customer. Price increase risks deterioration in that relationship.

It is therefore very important to be well prepared when a price increase is in order.

Unfortunately, every day the price increase is delayed it's creating a decrease in the bottom line that cannot be made up later.

In a similar view, when it is necessary to install a wage reduction, the staff will complain about the impact on the people, but it is really they who object.

Law #33

Defining The Market Is Not Enough; You Have To Prove You Can Penetrate It!!

Some of the worst management fumbles happen when you are talking to upper management or investors. Along these lines is the manager who says, “If the market is X billion dollars, don't you believe I can get 0.001 percent of it?”
The answer should be *no!*

First, identify that there is a market need, then show that you have a product or service that will satisfy that need. Finally, convince the upper management or investors (and yourself) that you have a plan for effectively penetrating that market.

Some ways to show you can penetrate a market are: purchase orders, customer testimonials, good press, experienced employees, and perhaps the most effective approach, a well-defined structure for marketing and sales channels.

Law #34

Going Around The System To Expedite Creates More Problems Than It's Worth!!

It is far more efficient and effective to expedite within the system. More often, it is better to put energy into improving the system than in looking for ways around it or even violating it.

Going through the system temporarily disrupts the one person you are dealing with at the time, while going around the system generally disrupts several people all at once.

Law #35

Management Must Make Timely Decisions With The Information And Resources Available!!

Given enough time, just about anybody can solve the problem; win in the situation, or do the job right the first time. However, we don't always have the luxury of time.

Most good engineers can fix anything if they have all the time in the world and all the money they need. Given the opportunity, engineers will take 95 percent of the time to complete the last 5 percent of the task.

Unfortunately, usually the market and competitive situation dictate the time and resources needed, and they aren't always ideal.

Law #36

It Is Easier To Find New Products For The Market You're In Than To Take Your Product To A New Market!!

Being established in a market allows you to find other needs within that market. You can then take advantage of relationships you have already established to increase sales.

Although you may be comfortable with your existing products, and so desire to find other markets for them, penetrating unknown markets is usually far more difficult than developing a new product for the market you already know.

It is even more difficult to take a new product to a new market; yet many companies like to do so, often with a high failure rate. This seems exciting to try, but the effort is often driven by ego rather than good judgment.

Law #37

The Quality Of A Product As Perceived By The Customer Goes Down As The Customer's Need For The Product Goes Down!!

When the customer's need for the product goes down, their quality requirements go up, *to find a way out*.

A customer who may have been perfectly satisfied in the past may start finding nitpicking reasons to reject the product in order to avoid paying for unneeded inventory.

Be wary of the customers who are in trouble or have high inventories. Their attitude towards their suppliers will probably change to the negative.

The same thing tends to occur in the service sector. All of a sudden you will receive complaints that you aren't performing as well as you used to.

One helpful tactic is to make sure the acceptance criteria for your service or product are well documented.

Law #38

The Answer To A Question Often Depends On Who's Doing The Asking!!

The answer an employee gives to a question will depend on whether it's his peers, his supervisor, the department head, or the "big cheese" doing the asking.

People have a tendency to tell the asker what they think the asker wants to hear, particularly in sticky situations or when they fear that an honest answer will get them into trouble.

Upper managers would be naïve to take answers to their questions at face value, particularly as they get deeper into the organization.

Law #39

It Is Difficult For A Single Manager To Manage Companies Through The Entire Life Cycle Of A Company!!

Managers have difficulty working in all the vastly different environments of start-ups, growing companies, stable companies, and companies in downturn cycles.

Personalities have a greater effect on the performances of a manager than do training and experience in handling different situations.

For example, an entrepreneur would probably be bored in a care-taking situation, and a caretaker would probably be frightened of the risk-taking required of a growth situation.

Law #40

When An Engineer Tells You Not To Worry, It's Time To Start Worrying!!

Engineers are generally eternal optimists, and they often find it difficult to recognize failure.

Even after doubling estimates for time and cost, engineers will still often run over budget and miss schedules. If you let them, engineers can take 95% of the time to finish 5% of a design.

One way to help in managing engineers is to define significant milestones and then hold them to meeting those milestones. It is important to put a time and date to finish and release the design or it will go on forever.

More money can be made from products that work and meet the specifications than from trying to make them perfect.

Law #41

In Negotiations, Before You Drop A Price, Ask For And Get Something In Return!!

If you drop a price with no recourse, the potential customer will jump on this and continue to come back for more.

It is wise to ask for a concession – such as greater commitment, higher billing rates, or more support – as a trade-off for improving the price.

Law #42

Multiple Disciplines Can Be Performed Well By Good Managers, But Only Special Personalities Can Do Sales Well!!

Sales personnel, by nature, have to have a large degree of insecurity, a high tolerance for indignity, a strong competitive nature, and a well-disguised mean streak to outdo the customer.

The biggest shortcoming I see in people without a “sales personality” is the inability to ask for an order, especially under adverse conditions.

Law #43

The More A Company Lacks Goals And Objectives, The More Time It Takes To Make Good Decisions!!

When managers are making hundreds of decisions every hour, most of them have to be based on a good feel for the situation in order to be made quickly.

It is easier to make good decisions faster when the goals and objectives of the company are burned into the decision maker’s brain.

Without a big picture view, these decisions have to be pondered and discussed in greater detail, slowing down the decision making process and limiting the empowerment of a broader range of personnel.

Law #44

It's OK To Be Bold With A Good Backlog, But Arrogance Can Lead To Oblivion!!

Be careful when things are going well. Arrogance leads to complacency and indifference to competitive factors in the environment, customer needs, and customer sensitivities.

Many a company has tumbled from the attitudinal cloud that buffers the needs and sensitivities of the customer.

Law #45

Never Tell The Sales Staff Your Lowest Possible Price If You Want To Get More!!

The sales staff wants to win and, with a bit of natural impatience, giving them the lowest threshold price is handing them a torch burning at both ends.

If a salesman becomes too knowledgeable about the financial factors in running a business, it will weaken his ability to sell. Be wary of the salesman who uses terms like ROI and gross margin in his vocabulary.

Law #46

Never Let An Engineer Discuss Prices Or Estimates With A Customer!!

Engineers like to deal in absolute, and apparently have banned the word contingencies from all their technical books.

Engineering estimates are naively based on perfect yield and schedules, as though this is the norm for their development schedules.

Engineers also have this strange idea that they can be “honest” with a customer, whereas in reality they can actually hurt the relationship with the customer by giving incomplete or optimistic information.

Law #47

Be Wary Of Promises That End Up In Negotiations After You’ve Lost Your Leverage!!

By nature there are no negotiations after you have lost your leverage. It is best to define and make the best deal up front while you still have bargaining power.

Watch for danger when you’re told, “Let’s get started and we will work out a fair price later.”

Be wary of the job situation when told, “Come on in and we will work out a bonus program in a month.” You may never see it.

Law #48

Backlog That Extends Beyond The Competitive Lead Times For Delivery Can Be Harmful!!

Competitive delivery dates must be met and if you are overbooked, it is better to pass on an opportunity.

But it is dangerous, because customers can be very fickle, and once they are *forced* to find an alternative source, they may never come back.

Law #49

Good Marketing Depends More On Customer Perceptions Than It Does On The Product!!

Having the customer perceive you as the first or the best can overshadow shortcomings in your product or service. It's the customer's perception of you that matters. No matter how good you are it doesn't matter if the customer has a negative opinion of you or a positive image of your competition.

Too often, when we hear about negative perceptions about ourselves, we wrongfully tend to discount them.

Above all, don't shoot the messenger just because you don't like the customers feedback.

One dissatisfied customer will tell at least 10 more of your "bad" performance.

Law #50

Underestimating Performance Can Be As Bad As Overestimating It!!

There is no doubt that missed forecasts resulting from overestimating performance can hurt a company, however underestimating what the company is capable of can result in unused potential and lost opportunities.

If a stronger performance was planned and expected, the company can take advantage of opportunities they wouldn't otherwise have had, resulting in more cash available or an increased company value as well as quickest market penetration and the establishment of a stronger competitive position sooner.

Law #51

When Managers Get Overly Excited About New Things, They Tend To Let The "*Bread And Butter*" Business Suffer From Neglect!!

New opportunities may create excitement and challenges, but management must not lose sight of what is paying the bills.

Many companies staggered and failed pushing a new product into a new market while neglecting the goose that lays the golden eggs, that had been covering the bills.

Law #52

Having Too Many People In Place Can Reduce Efficiency, Increase Costs Above Budget, Make More Scrap And Lead To Inventory Write-Offs!!

Therefore the need to balance the organization in a downturn should be done as soon as the need is identified.

Operating management will delay reduction in force beyond the time of action. Management can detect those problems if their subordinates have metrics and a good reporting discipline.

Law #53

The Most Effective Way To Approach A Disagreement Is To Assume You Are Wrong And Work Hard To Prove It, But When You Can't Then You Know You Are Right!!

This is a good policy for a quality organization when confronted with a customer problem.

Be wary of your people who always start out with the "customer is wrong" attitude.

Law #54

Plans Tend To Show Greater Optimism Downstream And Often Falsely Justify Near Term Actions, Or Inactions!!

Most growth plans have a hockey stick effect, but seldom does the upturn occur when planned.

Almost all profit and loss plans for any extended period tend to show the good things in the second half – no matter if it is for a quarter, a year, or five years.

Law #55

We Tend To Overkill A Situation With People Rather Than Spending More Energy On Analyzing The Problem!!

Beware of increasing middle management, program managers, and coordinators to solve problems caused by weaknesses in the system.

Unfortunately, it is hard to reduce the number of people after the problem is solved.

Law #56

We Tend To Overload People And Then Be Forced To Compromise On Accepting The Results!!

It’s hard to criticize or try to get more from people who are already overwhelmed. This is especially true for personnel who are underpaid.

Law #57

Often Emphasis To Reduce Costs By Concentrating On The Payroll Overshadows The Real Potential Of Significantly Reducing Material Costs In Costs Of Good Sold!!

Labor in manufacturing has become a small percentage of costs and inventory, therefore it’s better to go after material costs as a way to increase margins. In today’s manufacturing culture, reducing overall material costs… even by a modest amount, may result in savings which are more than the entire direct labor cost.

The person responsible for material control should not be too far down in the organization.

Law #58

Authority And Responsibility Are Not The Same: However, They Should Be Consistent When Delegating One Or The Other!!

In many growth situations, the responsibility given to individuals is far out in front of authority, because authority requires trust and trust can be slow to occur.

Law #59

Training Seems To Be A Lost Art In American Business!!

Sadly many budgets do not even include a cost account labeled "training."

A company's future success will depend on employees' knowledge and experience, therefore training and education play a key role in a company's values.

Law #60

Reports Are The Vital Signs Of A Company!!

The best way to monitor the progress of a company is to schedule its reports with defined metrics.

The discipline of a scheduled report requires the provider to check and define the company's progress to be able to provide the correct information.

It is reasonable to expect senior staff to provide "one liners" reports as frequently as once a week to the boss, to explain present activities that may include progress problems that need help from others.

Law #61

Unrealistic Goals Can Be a De-Motivator

Goals, to be effective, must be motivational and measurable.

Setting unattainable goals to achieve what is required is a de-motivator. It will lose focus and endanger achieving the real goals.

Law #62

Inexperience Tends To Distort Decisions Based On Principles Alone Versus "Real" World Experience!!

Personnel who are growing tend to look for the perfect world and therefore must be guided until recognize the reality of the situation.

It is important to have people who have worked in more than one environment, to appreciate compromise when it is needed.

Law #63

Lateral Communications Can Be A Key To The Success Of A Company Operating Efficiently At The Senior Staff Level!!

Managers who compartmentalize their staff, by having communications bounce back and forth, are dangerous and will not gain the most from the staff members.

Insecure managers tend to compartmentalize their staff. They also tend to listen to the last person who has whispered in their ear.

Peers should work out their common problems among themselves. Senior management should make it clear that they hold their staff members responsible for keeping their conflicts with one another out of his/her inbox.

Law #64

Success Comes When You First Say What You Can Do, And Then Do What You Say!!

This is what a boss expects from you. Respect comes from credibility; trust comes from respect.

Accountability must be high on the list of performance criteria.

Law #65

One Of The Most Difficult Weaknesses To Detect In An Experienced Person, Is A Lack Of Basic Intelligence!!

People successfully performing the same function for years, (e.g. production control), can seem intelligent and must be tested from time to time before being placed in a new situation or position.

The ability to accept change must be evident in a person before trying to broaden their contribution.

Law #66

Don’t Make Long Hours Worked And A Good Attitude The Only Criteria For Being An Effective Worker!!

One super-efficient person can accomplish more than ten mediocre people.

It is important to set goals and the time frame to accomplish, to obtain a true measure of a person’s performance.

Law #67

If You Plan To Operate With Integrity In Your Professional Life, You Have To Be Prepared At Times That Some Will Do A “Number” On You!!

The “Black Hats” will always be looking for ways to beat a system, and don’t let a bad experience change fine ethics or values.

Law #68

In A High Growth Situation, Little Time May Be Spent On Improving The Efficiency Of The Present Or Planning The Future!!

This is dangerous and new methods must be found for new situations. To do so, don't hesitate to look to outside help.

Try to assign someone to look to the future, or as time goes by you will be discussing the same problem over and over.

Law #69

Business Plans With Losses Or Market Deterioration Usually Aren't Approved By Superiors, But Rather Acknowledged!!

It's unlikely that those above you will approve an undesirable plan, so don't expect an "okay" to mean approval. "Okay," in a response to many situations in our culture does not mean, "yes" or approval, it means "I heard you." Then look for constant pressure to improve.

Law #70

Under Capitalization Breeds Inefficiency In Management And Can Dilute The Real Mission And Purpose Of A Company!!

The lack of capital can deter a great team from ever attaining their potential. Do not expect great things from an under-capitalized company. Lack of working capital limits a business to "just getting by."

Law #71

The More Successful You Are And The Higher The Growth Rate, The More Cash Is Needed!!

Do not mistake profit for cash, as the rate of cash needed for additional working capital can far exceed profit.

Many profitable companies fail because of poor cash management. The timing between events like sales, inventory, collections, and vendor payments for cash and profit can be out of phase, and the relationships must be understood for success.

Law #72

Even The Most Senior Managers Can Act Like Children If It Appears That A Competitive Situation Exists Among The Staff!!

Try to avoid managers having their own agendas.

Even effective individuals can seem to have conflicting ideas and often must be reminded they must have the same objectives – to make the company successful.

Law #73

Financial Controls Do Not Limit Management Freedom, But Force You To Think Before You Act!!

Managers can't be allowed to run free with their spending. Good management establishes an approval and authorization process for its managers.

Controls may be used as an excuse by frustrated managers who may be struggling. However, if they present a good justification for a request, it most likely will get approved.

Law #74

Growth Of A Company Requires Having People Who Can Continue To Make Necessary Changes In Their Style And Objectives!!

The president's role is to set priorities, constantly reassess the priorities and change priorities as needed. Growth brings new challenges and the need for change on a daily basis.

Law #75

The Tendency Of A Manager In Trouble Is To Blank Out The Problems By Talking About Only the Pluses!!

This is one sign that a manager is in over his or her head.

There are other signs, such as:

- He/she listens to the last person to whisper in his/her ear.
- He/she makes decisions that defy logic
- He/she focuses on projects that won't involve conflict

Seldom, if ever, will a person acknowledge they are in over their head

Law #76

You Can Know Too Much About A Customer,

Adversely Affecting Your Performance.

By Taking Things For Granted,

You Can Hurt Yourself

By Abandoning Your Normal Good

Mode Of Doing Business!!

Be wary of affiliates with inside information on a customer as it might be out of context and be misleading, or worse!

Also beware of the sales person who says:

1. He/she can read customer info upside down.
2. Only he/she was given specific competitive information by the customer.

Law #77

When Changing A Responsibility Or Authority, Always Tell The Person You Are Taking It Away From, Before You Tell The Person You Are Giving It To!!

Often you may decide to change an employee's authority or responsibility after speaking with that person. If you have already spoken to the person to whom you'll be giving the authority or responsibility, it will confuse everyone and weaken the top managers image.

There is nothing worse for credibility than reversing a personnel change, as this adversely affects the morale of the people involved.

Law #78

Without Meeting Revenue As Planned, All Plans Are Doomed For Failure!! Revenue Is King!!

Cash is blood, profit is muscle, but revenue is bigger.

Many managers do great in meeting the expense budget, but fail on meeting revenue goals thus creating great losses.

I have seen expense budgets met within a fraction of a percent while missing revenue forecasts by more than 2o percent.

Law #79

A Senior Staff Is Paid To Tell How To Do Things And Not Give All The Reasons Why Things Won’t Work. Leave It To The Leader To Decide If The Cost, Time, Or Risk Are Not Appropriate!!

Ding the staff member who immediately gives reasons for failure whenever a new idea is brought up.
The reaction is often generated by fear of additional workload.

Law #80

Many Decisions Are Made More Difficult By Not Having The Economic Understanding!!

A mature company makes decisions based on marketing and economic skills. It is important for all your key personnel to understand the financial operations and subsequent results, in a company.

The better the vision and objectives are known by subordinates, the easier it is to transfer responsibility and empowerment.

Law #81

Breakeven Points Not Understood Limit Controlled Reaction To Down Turns!!

Understanding the break-even point is part of the foundation for running a successful company. Part of this is the need to know the revenue level for covering expenses on as short a time period as a pay period.

The cash break-even point is even more important than the profit break-even.

It is important to know what the need for cash would be if you had to operate with no revenue for a period, in order to survive.

Law #82

The First Time One Is Asked To Do A Budget Forecast It Seems To Take Forever, But Then They Become Easier And More Accurate After That!!

Management should be tolerant of managers doing budgets for the first time and offer patience. This is particularly true if no background or history of data is provided.

Law #83

An Engineering Fix To A Problem, Can Create Other Problems, But An Engineering Design Change Solves The Problem!!

"Band-Aids" ultimately can cause problems. This is particularly true in software designs.

Be wary of an engineering culture that thrives on "fixing" problems quickly and not following up to make sure they won't occur again or adversely affect other features or performances in the "fix."

An engineer who talks of "work-arounds" may be avoiding solving the real problem.

Law #84

A Centralized Organization In A High Growth Rate Company Can Be A Hindrance To Success! But, A Decentralized Organization Structure Can Breed Redundancy In Many Functions!!

Organizations are born to be changed and should be continually reviewed to optimize cost and effectiveness.

Most companies obtain growth by expanding the breadth and diversity of products and markets.
Optimizing the organization to best serve the customer must be explored.

A decentralized organization can generally serve the customer better. A centralized organization can have too many layers between the top manager and the customer. A decentralized organization gives more chances to develop managers.

Ultimately, as a company grows “champions” are needed to add new products, new market segments or new processes to make it happen…but, often it is difficult to get the talent needed in a decentralized organization. Needed controls can be lost.

Law #85

Forecast Of Sales For Acceptance Of A New Product Will Always Take Longer Than Planned!!

Good products, will however, eventually exceed forecasts and last longer than originally thought.

Be wary of the early successes. Usually a dip occurs before the product really takes off.

Law #86

Don't Fix It If It Isn't Broken…… Unless You Are Planning A Change In Strategy!!

Today a new strategy is needed with global competition, customization and an increased need for customer service forcing it to happen. Change becomes the norm to enable growth.

Old business methods and procedures aren't working in the "new" global economy. They must be changed in order to thrive – or even to survive.

Law #87

I Have Never Met A Good Controller That I Liked Personally!!

Controllers have to be pragmatic but tough. "No" becomes the most important word in their vocabulary, to be able to control expenditures in their company.

It used to be that when shopping and selecting a new finance head one question was needed, "How much is 1 + 1?" The old answer was, "What do you have in mind?" That leads to scandals. The new answer is, "I understand the new laws and regulations and I can make it three legally."

Law #88

A “Good” Boss Is A Person Who Lets You Operate The Way You Like!!

There are numerous definitions of a good boss, but in the final analysis, the one who lets you operate and accommodates your style will help you grow.

Law #89

Successful Management Has The Correct MINDSET, Which Is A Proper Combination Of:

Perception!

Perspective!

Priorities!

And this leads to Planning and People.

Most tasks, programs, have a higher chance of success if the proper mindset is present at the start.

Law #90

Numbers And Their Relationships Serve As A Great Motivator For A Group!!

Employees want to see how their contribution helps an organization. Metrics can help this more so than goals that can't be measured.

These numbers can include output in units, yield in percentage or hours worked that customers pay for.

Providing financial results to all levels of employees can be a big plus.

Law #91

The First Thing Investors Look For In Evaluation An Opportunity Is The Team!!

In a growing market, many teams will submit plans to investors. In most cases they will look alike. So, the selection hinges on the people. **The more people who believe in the plan, the better chance for success.**

It has been proven in start-ups that if the team starts out with more than a "one man band" the chance for success is higher.

Law #92

We Often Wait Too Long For People To Develop Into A Role Rather Than Take A "Firmer" Directing Hand!!

It is demoralizing for employees to recognize a person problem long before management does. Then when someone finally decides to make a change, it is already too late.

Goals and other measures are the best way to track a person's growth.

Law #93

Do Not Assume That Your Staff Knows Your Priorities Unless You Tell Them!!

Companies get off track for lack of direction and staff personnel tend to guess at what the boss wants.

Don't hesitate to put your priorities in writing frequently, and then follow-up to make sure their priorities are in line with yours.

Given too many priorities to handle, a staff will decide which ones are really wanted. However, their choices may not be your choices.

Law #94

Most People Like To Be Told How They Are Doing Even If There Are Some Negatives!!

A weakness of many managers is the reluctance to confront subordinates regarding their negative performance. Accordingly, avoiding discussion of negative becomes a part of the management style.

The benefits of a clear understanding between the boss and subordinates far outweighs the temporary calm of avoiding criticism.

Law #95

Innovation Is The Ability To Take Ideas And Success From A Past Life And Apply IT To New Situations.

This is why it is so important to eventually bring personnel with new and creative ideas into the company to accelerate growth and success.

Law #96

Recognition Of A Job Well Done Is High On The List Of Motivating Employees, And At Times Can Go Further Than Money!!

Bonuses are short-term motivations and may provide no motivation at all when they are expected.

Recognition of employees, particularly to their peers, is high on the motivational chart.

Law #97

Listening To Employees Is Only Part Of The Equation And Must Be Followed By Using The Ideas Solicited, Giving Feed Back, And Praise When Used!!

Good communication includes a two-way process of sending and receiving in both directions.

Avoid bosses who pat themselves on the back by offering an "open door" policy, but tend to scare everyone away by putting them down when they voice an opinion or idea.

Law #98

It Should Be Understood And Obvious That In A Loss Situation, All The Ratios Such As Overhead, And G & A Are Bound To Be Out Of Line!!

Presidents should try to explain what can be expected regarding overhead and G&A ratios, as well as understanding the present bad numbers.

Directors and advisors make no points by criticizing the numbers. This is particularly true if they are comparing unrelated businesses.

Law #99

Big Companies Are Loaded With Budget Managers, Whereas Businessmen Run Companies!!

Budget managers manage to the numbers planned. Businessmen manage to the results needed. It is far easier to meet an expense budget, than a revenue number and cash planned.

Budget managers are not driven by cash and can easily lose sight of the numbers. Meeting expense budgets doesn’t necessarily make a company successful.

Law #100

Do Not Mistake Advice For Counseling

Superiors and directors may tend to give "advice" without understanding the situation.

Advice can be stating the obvious. More welcome is counseling. This is advice that can be taken within the system and resources.

Sound Bytes

Top Ten Reasons Why Stagnant, Inc.'s Corporate Culture Will Hamper Its Growth

Companies reach plateaus in their growth, and then are often held back because they don't recognize the importance of culture. The problems below are common in small companies.

10. There is too much talk about changes and not enough about actions.
9. Decisions take too long, creating delusions as the "decision bubble" expands.
8. Staff's expectations are too low, so they don't support or give a high priority to change.
7. They don't have enough champions to promote and focus on new programs.
6. They lack the superstars needed to grow upwards to the next plateau.
5. Employees at all levels are not held sufficiently accountable for their decisions.
4. The company lacks a sense of urgency, particularly in product development.
3. The tempo of the corporate culture is too slow.
2. Change is the exception, not the norm, and the rate of change is too slow.
1. The president doesn't have the hands-on style and cheerleading ability to produce a high growth rate.

Top Ten Characteristics Of An Effective CEO

1. Common sense
2. A good understanding of the product, market, and product mix
3. A strong sense of responsibility and commitment
4. A proactive but disciplined approach
5. Market and customer sensitivity
6. A willingness to stretch and try things others wouldn't
7. Honor
8. Sensitivity to priorities
9. Passion
10. Basic Intelligence

Top Ten Reasons A President's Operating Style Can Damage Performance

Many presidents fail, not because they don't understand management theory or have a knowledge of the market, but because they have an inferior management style. Below are ten ways presidents' management style can hamper their performance.

10. They don't communicate well.
9. They don't utilize their staff and board properly.
8. They don't have the energy needed for the task.
7. They don't hire people who are *better than they are.*
6. They de-motivate staff.
5. They don't set up proper controls or delegate enough.
4. They don't have a good reporting and follow-up program.
3. They don't believe that the customer is always right.
2. They do not set attainable goals.
1. They do not set clear priorities.

Indications That A Manager Is In Over His Head

There are many warning signs that a manager is headed for trouble.

- He focuses on projects that won't involve conflict.
- He isn't firm enough when his people stumble.
- He gets on people's backs more.
- He is moody.
- He constantly changes his mind.
- He is influenced by whomever whispered in his ear last.
- His attention always seems to be somewhere else.
- He forces people to quit- instead of firing them.
- He avoids tough customer problems.
- He won't return customer calls.
- He invites his boss into the fray whenever an irate customer visits.
- He avoids meeting with unhappy salesman.
- He delays regular meetings with superiors.
- He refuses to take responsibility for problems or failures.
- He continuously blames problems on other departments.
- He is very insecure.
- He won't clearly define his priorities.
- He tries to slow down change.

- His reluctance to chance failure or lose face influences his decisions.
- He starts to communicate less frequently.
- He makes inconsistent decisions.
- He takes fewer risks.
- He makes decisions that defy logic.
- He waffles on decisions.

De-Motivators

The best way to motivate senior personnel is to remove and prevent those things that destroy motivation.

Boss gives responsibility without matching authority.

Boss's style is to compartmentalize the team.

Boss's lack of honor ("I do well, but my people screw up.")

Boss thinks he is the only one who solves problems.

Boss tells successor of new duties before he tells the incumbent person they are being relieved.

Boss starts every sentence with "I".

Boss gives negotiating responsibility with no decision-making authority.

Staff members are chewed out in front of peers.

Staff members lose dignity.

Responsible person is not part of important meetings.

Staff doesn't get feedback on suggestions.

Boss is not available as needed.

Staff is always being told how to do things, and are not asked, "how would you do it?"

Staff is put down when they ask for help.

Staff is not given feedback on performance.

Top management lacks integrity.

Trivial policies are pushed.

There is a lack of honesty in one-on-one meetings.

There is a double standard among staff members.

Unrealistic goals are set or required.

Boss goes around his staff to get to the people they supervise.

Boss fails to communicate on company objectives and priorities.

What Is The Real Cost of Quality

Many believe that the only costs of quality are those related to inspecting and testing the product or service. However, there is a wide variety of costs associated with the total quality process – and especially in not ensuring – quality.

Cost – Testing and Inspection

- Management
- Inspectors
- Product Testing
- Environmental Testing

Cost – Building in Quality

- Redesign
- Handling Complaints
- Warranty Claims
- Rework
- Overtime
- Repair Costs
- Consultants
- Scrap and Waste
- Reporting
- Downtime

Cost – Quality is Poor

- Late Deliveries
- Field Maintenance
- Management Dilution
- Lost Opportunities
- Lost Business

Will The Real Inventory Cost Please Stand Up?

In evaluating the inventory needed and the measuring of inventory turns, look far beyond the material directly associated with building the product.

Obsolete inventory

Surplus inventory

Material return authorization – used for trade-ins or to correct a shipping problem

Service returns – used to replace defective product

Marketing/Sales samples and demos

Evaluation equipment at customer sites

Product used in shows

Product on consignment (loaned to customer)

Old product line (not yet written off)

Inventory stored in remote locations

Product awaiting an Internet material review board evaluation

Spare inventory to support field maintenance

Material being evaluated by engineering

Material made obsolete by pending engineering change notices

Marketing Tips I

The following are ten sound bites of advice for those who are in or work with marketing management.

1. What you see isn't always what you get!!

2. You can take advantage of negative customer situations and turn them into a positive customer experience.

3. Management checks and balances on marketing are essential.

4. Challenges create opportunities.

5. The real reason companies exist is to serve the customer.

6. Don't mistake an *opportunity for a business*.

7. Acknowledgement must not be mistaken for approval!

8. Some of the best deals are the ones you walk away from.

9. The end of a product life can be a very profitable situation.

10. You Can win by losing.

Marketing Tip II

Understanding a few basic concepts can make your marketing effort more effective.

- In negotiating, avoid trying to be all things to all people.
- Make the task of verifying a plan's assumption a high priority, and put lots of energy into it.
- Use titles for your marketing people to your advantage.
- Keep your frustrations with the customers from employees.
- In negotiations, push for "Your price, My terms," instead of "Your terms, My price."
- Prefer step pricing to volume pricing for large quantities.
- Always be aware of how the customer uses your product and what (if any) alternatives they may have.
- The customer likes to deal with "number one."
- Avoid letting your ego enter into product decisions.
- Don't let too many management layers build up between the company's top management and the customer.
- Sell to the highest possible level in the customer's company.

Marketing Tips II (cont.)

- Treat manufacturing reps as direct sales personnel.
- You can drive a customer away gracefully, by raising prices.
- Too much backlog can keep you from making competitive deliveries.
- One person only should be responsible for setting pricing and delivery schedule priorities.
- Focus! Focus! Focus!

What to Expect From the Sales Personality

To get the most from your sales staff, look for the following characteristics:

- People with high levels of passion
- People who are highly motivated by performance based on rewards
- People who will push until they get what they want
- People who will go around the system when necessary

Marketing Sizing

You have to have a handle on the market you're participating in. There are three approaches to accomplishing this:

Macro/Big Picture

- Analyze the size of the market your product goes into and estimate the percentage of sales that your product commands in that product

Available

- Analyze the total requirement of your customer base.

Micro

- Analyze the total sales revenue of all of your competitors.

Fifteen Things To Do When Your Small Company Gets A Substantial Order From Mr. Big

The cultural mismatch between companies of different sizes can create real havoc. These things will help keep the profitable situation together.

1. Get an attorney involved for your side.
2. Ensure that cash flow is covered by a payment plan through the entire program and not just up front.
3. Avoid penalties for scheduled performance.
4. Avoid giving up the family jewels if problems occur in delivery and quantity.
5. Have the president prepared to play program manager.
6. Make sure there is a champion for you in the customer's company.
7. Force a one-channel communications link between the companies.
8. Stay close to their marketing strategy and know their product.
9. Have strong cancellation charges.
10. Avoid customer-supplied material.
11. Enforce payment terms.
12. Protect your existing income sources in case "Mr. Big" goes away.
13. Support the customers if they decide to do it themselves.
14. Build files to avoid misinterpretation and other troubles.
15. Treat the relationship like a honeymoon – enjoy it while you can, but expect it to end.

“Dress” for Success

Succeed in projecting the following images for your customer and you will succeed in your marketing goals and objectives.

- Make the customers see you as having a positive attitude.
- Make the customers see you as a winner.
- Make the customers want to deal with you.
- Make the customer perceive a mystique.
- Make the customer believe you’re the best.
- Make the customer see you as the first to offer your product or service.
- Make the customer see you as the leader in your field.

Epilogue

The basics are needed for the foundation, but with the rapidly changing business environment, be alert to the changes that are needed to sustain success. Change, more than ever, is the key to successful growth in today’s economy.

When a dynamic company president wants to step on the throttle and accelerate growth or bring about change, the major hindrance is often the gap between him and his staff. The biggest obstacle to overcome is *inertia*. A president who is keyed up to change direction leads the charge with his very personal call for self-improvement. Getting the staff to grasp the new vision is difficult, but getting them to change the way they do things for the new culture is even more difficult. In response to your plea for ideas, you may get nothing more than exasperating blank stares, puzzled looks or furrowed brows, that indicate they believe they won’t get out of their anytime soon! Just as bad is the automatic negative input on the way and how a president’s suggestion “can’t” be done.

At these times, everyone should remember what their role in the company is – that the staff is paid to define how it can be done – and that it is the president’s call as to whether or not the process is worth the time, resources and risk.

To Illustration

The president is pulling a wooden wagon with wobbly wheels up a long steep hill. The wagon is loaded with sand and pebbles, and the load is uncovered so that sand and pebbles are spilling out in all directions through the slatted sides. There is no road and the path is pocked with holes and rocks that cause the wagon to buck and roll from side – to side, forcing the president to follow a zigzag route up the hill. For every move upward on the scarred terrain, there is a half move backward. The struggle is almost unbearable, but the obsession of this vision drives him on. His vision is to build a concrete monument with the company name on it at the top of the hill for…everyone to see.

If the staff would share his vision, the task would be made easier. “Sally Sales” would run ahead and put up a sign to let everyone know that the wagon is coming. “Andy Accounting” would separate the load and put a cover on top to keep it from blowing away. ”Max Manufacturing” would repair all the leaks and strengthen the latch on the back gate. “Ed Engineering” would find a way to put a motor on the front and ease the pull. It might still take days to reach the goal at the top, but at least the president wouldn’t kill himself and he could be spending his time planning on how to best utilize the monument after it was completed.

But in today’s highly competitive market a shared vision is only half the battle. Someone may beat them to it. How great it would be if they could also rethink how they should do things, and with open-minded discussions come up with a better idea. This is where “Mary Marketing” starts to shine with her thinking and creative planning mentality.

She is quick to grasp the need for getting there first and also optimizing the resources. Her thinking goes way beyond the so-called *box*. Her response to the situation above is, “let’s hire a helicopter and lift the load and all of us to the top of the hill and thus accomplish the task in less than half an hour.”

Changing the culture in today’s business environment is a necessity, but after sharing the vision, new and better ways must be found to pull away from the pack. This is where the need for change takes over.

Books

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The Busting $10 Million Series includes:

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- Finance: Not Just For Bean Counters
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