

“Ron Wilder cuts through and identifies the essential few actions that you must take as CEO.”

JIM WHITEHURST, CEO, Red Hat

ALIGNED ACTION

THE KEY TO CEO EFFECTIVENESS

RON WILDER

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ALIGNED ACTION: THE KEY TO CEO EFFECTIVENESS

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To you, the reader.

You are the creator of the future.

WHAT DOES IT MEAN TO BE CEO?

“Merlin, what does it mean to be king?”

—

Excalibur

One of my favorite movies is *Excalibur*. Released in 1981, the movie recounts the legend of King Arthur, Merlin, the Knights of the Round Table, and the quest for the Holy Grail. Early in the movie, young Arthur draws the sword Excalibur from the stone. This act reveals Arthur as the destined king, as only the true king would be able to remove the sword.

Immediately upon realizing his destiny, what does young Arthur do? He panics. While the knights are taking sides and gearing up for a civil war, Arthur flees into the woods, chasing after the wizard Merlin. Terrified, he asks, “Merlin, what does it mean to be king?” During a long, sleepless night, Arthur confronts his fears about the task ahead. With Merlin’s guidance, young Arthur comes to grips with what he must do. Then he gets to work unifying the knights and establishing the kingdom.

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This scene has always been striking to me. How is it that the most famous king of legend, this man who is destined from birth to take up the sword Excalibur and unify the realm, doesn't have a clue about what he is supposed to do? Why isn't he born with all of the knowledge, skill, and courage to fulfill his destiny? Why does he actually have to figure it out as he goes along?

The role of CEO is similar to a king in this respect. No one arrives in the role fully equipped. People come to the role of CEO from many paths – some aspire to it, some are groomed for it, some jump into it, others are thrust into it. Regardless of your path, the way forward can become cloudy – yet you are expected to figure it out.

I recall a conversation with the CEO of a very successful, fast-growing, profitable company. We had been working together for several months and he had made great progress in advancing his strategic agenda. At one point in the meeting, he asked, "I'm curious – what do you think I should be working on right now?"

The employee can ask that question of a manager – but who does the CEO ask? Where does the direction come from? To ask this question shows courage – not weakness. It shows a courageous commitment to discern the best path forward. Even the best CEOs will at some point confront this question: "What should I be working on right now?" Those who take this question seriously – and genuinely seek to discern the answer – are the most successful and effective.

My promise to you is that this book will help you answer this question: “What should I be working on right now?” It will help you focus your time, your attention, and your energy on those few critical actions that will create sustainable high performance in your organization. By focusing on these actions, you will significantly improve your personal effectiveness, satisfaction, and impact. Through these actions, you will become a more effective CEO.

IN A NUTSHELL

This book reflects my experience working with CEOs for over fifteen years. I've watched them work, worked with them, advised and coached them. I've paid close attention to who gets results and who does not.

This book isn't about leadership personality or style – you can have a unique style that is all your own. Rather, this book is about effective action – where you focus, how you spend your time, what you actually do. There are only a few really essential things that effective executives must do – and only you can do them. There is a huge difference in outcomes between those who focus appropriately and those who do not.

I encourage you to spend time with the stories and concepts in this book. If your company is already successful, this book will help you identify new opportunities for growth. If your company is not as successful as you'd like, it will help you identify where to focus to fix your company. This book is designed to help you answer the question: “What should I be working on right now?”

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Here's the short answer:

1. The purpose of the CEO is to create sustainable high performance. For you to be effective as CEO, your actions must achieve this purpose.
2. Sustainable high performance occurs only through the aligned action of every individual in the organization. Aligned action occurs when each person, across all functions, takes consistent action that supports and contributes to the success of the business.
3. For aligned action to occur, seven essentials are required. These seven essentials must be strong, clearly defined, and in sync with each other, so that the people in your organization know exactly where they fit and how to act to bring about success. If any one of the seven is weak, missing, undefined, or out of alignment with the others, the organization will not perform at its full potential. Ignore these at your peril, since left unaddressed, lack of alignment will cause chronic underperformance and may result in business or career failure.
4. *If* your purpose as CEO is to create sustainable high performance – **and** sustainable high performance occurs only through aligned action – **and** aligned action requires seven essentials – then your work as CEO must focus on continually building, strengthening, and systematically aligning these seven

essentials. This work is unique to you, the CEO. No one else in your organization can do it. Therefore you must be relentless and disciplined in focusing your time, energy, and intention on this work. When you focus your time, energy, and intention on creating aligned action, you serve your customers, shareholders, and employees in the highest way possible.

5. Knowing what to focus on is only the first step – but by itself is not sufficient to create aligned action. The work of the effective CEO requires a different skillset than you might imagine: mastery in engaging experts. Mastery in engaging experts requires a high level of self-mastery as you grow into a teacher, coach, and facilitative leader. When you master the engagement of experts, you ignite discretionary effort – where people go above and beyond what is required to accelerate results.

THE TRUE WORK OF THE CEO

Imagine this scenario: You've been trying to connect with someone for a few weeks to discuss a business issue. You've left multiple messages by voice mail and email but you have not received any response.

When you finally reach the person, he apologizes profusely. Before you can say anything, he says, "I'm so sorry. I've been meaning to call you back. It's just that I've been so *busy*."

I've been so *busy*. How often do you hear that?

How often do you say that?

Now imagine for a moment that instead of the word "busy" this person used a different word: "effective." He says, "I'm sorry I didn't get back to you, but I have to tell you that over these past couple of weeks I have been so effective."

We generally don't say that in normal conversation. The implication to the other person is that he is not a priority or a part of your plan. Saying I've been "busy" is socially acceptable.

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But for you as the executive, the mindset distinction is critical. Are you busy or are you effective? What's the difference?

Busy can be defined as being “actively or fully engaged or occupied,” but also can mean “overcrowded” or “cluttered.” We all recognize people who are always busy. They generate a flurry of activity without real results.

Effective describes action that “produces an intended result” or “accomplishes a purpose.”

What about you? Are you busy – or effective?

WHAT IS YOUR PURPOSE AS CEO?

As an executive it is very easy to get busy. The demands on your time and attention are numerous. Everyone wants a piece of you. You can easily get distracted and pulled in many different directions. How do you know that you are working on the right things? How do you know that you are being effective and not just busy?

Effective action must serve your purpose. So let's begin with defining your purpose as CEO.

The purpose of the CEO is to create sustainable high performance. High performance incorporates sales, profitability, and growth. Sustainability incorporates innovation, culture, and succession.

Boards of directors, whose primary role is to select a CEO, want a CEO who does both. A CEO who can create high performance that is also sustainable creates tremendous value for customers, employees, and shareholders.

With this clarity of purpose, you can now evaluate the effectiveness of your actions and choose what to do and not to do.

WILL THE ACTIONS YOU ARE ENGAGED IN AS CEO LEAD TO SUSTAINABLE HIGH PERFORMANCE?

Before you answer that question, I'd like you to take a moment to think about an employee in your organization. He could be a sales rep, customer service agent, warehouse supervisor, or a financial analyst. She could be the manager of your R&D lab, a software engineer, or your logistics director for Latin America. Do you have someone in mind?

Imagine that right now, just as you are beginning to read this book, this person is arriving at work. They set their coffee on the desk, sit down in their cubicle, fire up their computer, and begin to work. Now consider the following:

- Will the things this person does today and the manner in which he does them, support your business goals or not?
- How do you know?
- How does he know?

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- If he is not doing things which support the business goals, what is he doing instead?
- If he is not doing the right things to support your strategy, is it because: 1) he doesn't know what to do; 2) he knows what to do but doesn't know how to do it; 3) he doesn't want to do it; or 4) he wants to do it but he is missing something that would enable him to do it?
- Given the competitive pressures you are facing, how much time do you have to create the right action?
- What will it take to close the gap between his current actions and the actions required for success?

As you consider these questions, can you see how the action of this person either *is* or *is not* supporting the goals for the business? There is no middle ground here, no kinda-sorta supporting actions. Either the action is consistent with the goals of the business or it is not.

SUSTAINABLE HIGH PERFORMANCE OCCURS ONLY THROUGH ALIGNED ACTION

Now extend your thinking from this one employee to all of the individuals in your organization: is every person working on the right things, in the right way, achieving the right results?

Sustainable high performance for your organization occurs through aligned action: when everyone in your

organization is consistently working on the right things in the right way, achieving the right results.

Aligned action encompasses all of the behavior across every individual in your organization. It includes all of the decisions that people make (or do not make), the actions that they take (or do not take), and the manner in which they carry out these decisions and actions. It includes every interaction the people in your company have with customers, suppliers, and each other in the course of their day-to-day work.

Aligned action does not mean perfection, but *good* – in the sense that the actions are effective in achieving your purpose as a company. It does not mean that people have certainty or a crystal ball about the future, but that they make decisions and take appropriate risks. It does not mean that individuals are micro-managed in a command-and-control hierarchy. It does not mean that there are no gray areas, but that the tradeoffs of various options are well-considered and understood in line with the goals for the business.

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SEVEN ESSENTIALS FOR ALIGNED ACTION

People genuinely want to succeed and contribute. Through this contribution, they create meaning in their lives beyond a paycheck. Unfortunately, the system in which they operate often prevents people from operating at their potential.

What is required to create the conditions for success? What needs to be in place to enable capable people with good intentions to perform? In other words, what does it take to create aligned action?

For aligned action to occur, seven essentials are required. These seven essentials must be strong, clearly defined, and in sync with each other so that the people in your organization know exactly where they fit and how to act to bring about success. If any one of the seven is weak, missing, undefined, or out of alignment with the others, the organization will not perform at its full potential.

As CEO, you have a unique and essential role in creating and sustaining the alignment of these seven elements. If you decide to go unconscious or avoid addressing one or more of these, you run the risk of serious mis-alignment. Left unaddressed, lack of alignment will cause chronic underperformance and may result in business or career failure.

I will state the seven essentials here as actions and briefly explain their impact on performance. To be effective,

a CEO *must do* these seven essential practices. While they are numbered, each one is equally important and interdependent. You must engage in these repeatedly and continuously over time to create the aligned action that leads to sustainable high performance.

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THE SEVEN ESSENTIALS FOR ALIGNED ACTION

Essential One: Create a Complete Definition of Success.

People know exactly what is important and why.

Essential Two: Connect with Your Customer.

People focus on creating and delivering what the customer truly values.

Essential Three: Build and Re-build Your Business Model.

People know how to direct their energy to build the business.

Essential Four: Focus on Flow.

People work effectively as core processes are aligned with the business model.

Essential Five: Build, Organize, and Coach the A-Team.

People perform as part of a team that is designed to win.

Essential Six: Create a Communications Cadence Around Performance.

People act with a clear understanding of where to focus and what to measure.

Essential Seven: Engage Every Individual.

People engage effectively with a clear understanding of how they fit and contribute to the organization's success.

THE TRUE WORK OF THE CEO

The seven essentials are criteria to help you determine if you are truly effective – or simply busy. As CEO, your work must focus on continually building, strengthening, and systematically aligning these seven essentials. When the right action isn't occurring, your job is to diagnose what's missing and to work on root cause solutions. When you are planning for growth, you must focus on all of these essentials in a holistic way.

Let me illustrate with a metaphor: your spine. The human spine is comprised of 33 vertebrae. When your spine is strong and aligned, your body is able to perform a variety of tasks. However, when your spine is weak, injured, or out of proper alignment, you can experience pain in various parts of the body. The pain can range from relatively minor to completely debilitating.

When you experience this kind of pain, you have four options:

1. Ignore the pain and hope it goes away.
2. Take a painkiller.
3. Seek a temporary adjustment from a chiropractor.
4. Develop the practices and habits to maintain the strength, flexibility, and resilience that enable you to perform at a high level over time.

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Alignment in your business is similar to alignment in your spine. The seven essentials for aligned action are like vertebrae – you want them to be strong and aligned.

Whenever a business is not performing as you would expect, when you are experiencing some type of business-related pain, you can:

1. Ignore the problem and hope it goes away.
2. Take a painkiller – by firing someone or engaging in a wide variety of heroic, fire-fighting measures to save the project or sales for the quarter.
3. Initiate a temporary adjustment – like a reorganization or marketing campaign that creates the appearance of action and some temporary relief.
4. Create a powerful practice of focusing on the seven essentials for alignment.

The work of the CEO must focus on these seven essentials for alignment. Anyone can ignore the problem, and lots of managers can implement a quick fix. You must focus on the root causes of sustainable high performance.

The work of the CEO is unique to you. There are a very select few who can insist that the organization set high standards for performance and discipline. There is typically no one else who can insist that the organization confront major gaps in alignment. It takes courage, determination, and perseverance, but it is essential. Many people are depending on you.

When you are doing the true work of the CEO, you inject powerful energy into your organization. Confidence increases and performance improves. People see what you are doing. They can tell when you are avoiding the actions that will really make the organization strong. When you grow stronger and take action, the organization notices and performance shifts.

When you are effective, you are fulfilling your purpose as the CEO. When you focus your time, energy, and intention on creating aligned action, you serve your customers, shareholders, and employees in the highest way possible.



The next seven chapters elaborate on each of the seven essentials of aligned action. As you read each chapter, consider *your company*. Within *your company*, is each essential strong, clearly defined, and in sync with the others? Make careful note of any areas in which one of the seven is weak, missing, undefined, or out of alignment with the others. This diagnosis will help you answer the question: “What should I be working on right now?”

ESSENTIAL 1: CREATE A COMPLETE DEFINITION OF SUCCESS

Creating and sustaining aligned action requires a complete definition of success. With a complete definition of success, people know what to focus on and what to ignore. Without a complete definition of success, people work aimlessly on the wrong things or worse, ignore aspects of success which turn out to be vitally important.

As CEO, you must continually facilitate the creation of this complete definition of success and declare this intention for your organization.

Let's look at one of the most frequently *misquoted* presidential speeches ever.

Have you ever heard of John F. Kennedy's speech in 1961 – the one in which he proclaimed that, by the end of the decade, America would send a man to the moon?

This speech is often quoted in historical retrospectives. I've heard it used many times in leadership seminars as

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an example of a powerful vision. Unfortunately, when it's quoted, the second part of Kennedy's vision is frequently left out. This omission is a huge mistake.

Here's the complete quote from JFK: "I believe that this nation should commit itself to achieving the goal before this decade is out of landing a man on the moon *and* returning him safely to the earth."

The "*and*" is pretty important, isn't it? Success is not merely getting a man to the moon, only to strand him there to die. A complete definition of success requires that we also must bring him home, safely.

Once you have a complete definition of success, you can then begin to identify what is required to achieve it. For example, starting with JFK's complete definition of success for the Apollo program, one could see how it triggers many essentials. First, you'll need a rocket design, a command module, and a lunar lander to get you to the moon. You'll need to recruit, train, and equip a corps of astronauts to carry out the mission. If you're going to get your men home safely, you have to figure out how to deal with atmospheric re-entry and landing on earth. To do all of these things, you need to coordinate the actions of thousands of people over a multi-year period to complete the project. You also will need a lot of money. Your complete definition of success, combined with these requirements, can help you calculate resource requirements.

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So how do you create a complete definition of success?
Use the “AND” exercise.

1. State your initial vision, whatever it may be.
(Landing a man on the moon)
2. Add the word AND.
3. Fill in the blanks with what else is important.
(Returning him safely to the earth)
4. Add the word AND.
5. Fill in the blanks (What else is vitally important?)
6. Repeat, as necessary, until you have exhausted all requirements of success. To make sure it is complete, ask yourself, “If we did accomplish this, what would be missing that we might regret?” Now add that to your definition.
7. Now review your list. Determine what is essential and what may be negotiable. Once you have defined the essential elements of success, you can begin to define the requirements.

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Here's an example of a complete definition of success for a business:

1. Within four years from today, we will create a market-leading company in the _____ industry
2. AND generate revenues in excess of \$X
3. AND generate profits in excess of \$Y
4. AND invest \$Z in future product development
5. AND expand our distribution globally
6. AND build a company culture that recruits, retains, and develops great people
7. AND maintain the highest standards of ethics and integrity.

If you get to four years out and you've only done part of this list, you've only been partially successful. If you neglect to specify important aspects of culture or values, you also risk succeeding only superficially and not being happy with how you played the game. The point is to be intentional and specific about everything that is important to you.

This exercise may seem demanding. It is. The complete definition for success is essential to building exactly the company you intend to build. Great leaders are demanding and offer no apology. You must set the standard. You must articulate a complete vision and definition of success. If you never specify it, how will you build it?

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YOUR ROLE AS CEO IN CREATING A COMPLETE DEFINITION OF SUCCESS

Your role as the CEO is facilitating the creation of the complete definition of success for your organization. By doing so, you align and focus the energy of the organization. By declaring this intention, you become an organizing force that articulates the highest aspirations of your organization and says, “This is where we are going to go.”

ESSENTIAL 2: CONNECT WITH YOUR CUSTOMER

Creating and sustaining aligned action requires that your company develop strong, deep, and trusted relationships with your customers. With a strong customer connection, people in all functions of the company can come together to make decisions that ultimately serve the customer. Without a strong customer connection, internal pressures dominate and innovation efforts are misdirected.

As CEO, you must continually insist on actions and personally conduct activities that deepen your organization's focus on and connection with your customer.

Peter Drucker wrote that "the purpose of a business is to create and keep a customer." So here's an experiment: select a handful of people from within your company and ask each one independently to describe your customer. How many different answers do you think you will get? Even if you get the same answer, probe further to see how well

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people understand the wants, needs, and values of your customer.

Aligning action across your organization to serve the customer must start with a deep and shared understanding of your customer. If you only have a surface understanding, you are unlikely to create a truly valuable customer relationship. If you do not have a shared understanding across your organization, you are likely to see behavior that is not aligned around delivering what the customer values.

Aligned action breaks down when your organization is missing a customer-focused mindset, a deep understanding of your customer's world, and a routine that strengthens and reinforces customer connection. As the CEO, you must continually reinforce a deep and shared understanding of the customer at all levels of the organization. You must go beyond the names of companies or titles of decision-makers. You must get to the core of your customer's reality – their environment, their economics, their pressures, their deepest desires and motivations. Understand how they make decisions, then teach and foster that understanding throughout your organization.

What follows are a few powerful and perhaps unconventional approaches to connect with your customer.

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CREATE A 100% COMMISSION MINDSET

The most powerful way to connect with your customer is to create a 100% commission mindset throughout your organization. It is often so easy to get distracted by internal issues and forget the customer. The “100% Commission Mindset” focuses all of your energy on actions which serve the customer.

A few years ago I led a multi-day workshop for high-potential leaders at a global technology company. One evening, they held a reception to bring together the senior executives in the company. At one point in the evening, I found myself in a circle of people from different parts of the company – sales, marketing, human resources (HR), research and development (R&D), and finance.

The conversation turned to a topic of interest for everyone: compensation. The discussion centered on how each person’s compensation was structured. I listened as the various formulas were discussed. The sales executive’s compensation was about 60% fixed with 40% performance targets, while his team of direct reports had lower base compensation and higher commission potential. The marketing, HR, and R&D folks had much higher fixed compensation and lower variable compensation. After a few minutes, one person in the group turned to me and asked for my thoughts on the subject.

When I told the group, “I am on a 100% pure commission plan,” the facial expressions of the people in the

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group changed dramatically, indicating shock and surprise. One person asked, “How do you do that?”

Well, here’s how I do it: I am the sole owner and employee of my business. Every single dollar that comes into my company comes from my customers.

What does that mean?

1. No matter how good I am at what I do, if I don’t sell it, I don’t eat.
2. Every single cost in my business must be paid for out of customer revenue or the cash in my bank account. If I don’t generate enough client revenue, then eventually I run out of cash.
3. I get as much unpaid vacation as I want.

By framing my compensation plan in this way, I have focused my business strategy squarely on the satisfaction of my clients.

I am not suggesting that you put everyone in your company on a 100% commission plan. There are many good reasons to structure compensation differently for different roles, different types of people, and different stages of the company. For most situations, pure commission sales plans create big problems in attracting talent and establishing the right strategic alignment.

However, this experience got me thinking about the impact of compensation structures on our mindset about customers. If most of your compensation is fixed, does

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it cause you to neglect the customer, because you are getting paid anyway? As companies grow and add different specialized roles, it is very easy for people to become disconnected from the end customer. What would it mean for your business if you got everyone in your organization to adopt a “100% commission mindset?”

Let’s examine a few principles of the “100% Commission Mindset”:

1. Everything we do ultimately must be paid for by our customers. Customers not only pay for products and services, but they pay our salaries and benefits. They pay for all of our vacation, sick leave, and perks – ranging from company parties to candy in the lobby.
2. If we want more money coming into our business, we need to create more value for our customers.
3. If we don’t understand specifically what customers value, how can we sell and deliver it?
4. If we are frustrated with our current customers because they don’t seem to value what we do, then we either aren’t establishing that value or we need to find different customers.
5. If our customers do not value what we do, they will not pay us. They will go elsewhere and we will eventually go out of business.

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6. If we have investors who are financing the company right now, it is because they expect that we will attract customers. Ultimately, the only way to pay them back is with revenue and operating cash flow from customers. So if we are foregoing revenue now to invest in the future, we'd better make sure that we are building something that customers will buy.

I have found that the concept of “100% Commission Mindset” has helped me in my business by creating incredible clarity of focus on the client, based on my own self-interest in survival and success. What would it mean to create this mindset inside your company?

GO DEEP INTO YOUR CUSTOMER’S WORLD

One challenge of connecting with the customer is that different people in the company have different perspectives on who the customer is and what the customer wants. You must create a shared view of the customer.

To understand how these different perceptions can hinder a company’s success, consider the poem “*The Blindmen and the Elephant*” by John Godfrey Saxe. The poem is about six blind men who are trying to describe an elephant. As the blind men touch the elephant on different parts of its body, each concludes, separately and incorrectly, that the elephant is a wall, a snake, a spear, a tree, a fan, or a rope.

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Many organizations have a similar problem, in which the company's various departments – sales, marketing, operations, R&D, finance, HR, or IT – each have different views of the customer because they interact with them in different ways or because they interact with different parts of the customer's ecosystem (discussed in the next section).

When customer clarity is lacking, innovation and improvement efforts are scattered and unfocused. Decisions become challenging and contentious. As the executive, you must continually go back to the customer and connect your organization to what your customer wants.

Go deep into your customer's world to truly understand how to best serve them. To create a more complete understanding, consider three elements of your customer's world:

1. The customer's ecosystem
2. The customer's solution tradeoffs
3. The customer's decision process

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CREATE A SHARED VIEW OF YOUR CUSTOMER'S ECOSYSTEM

Today's economy is complex, global, and knowledge-driven. The end product or solution delivered to your customer often involves a complex and dynamic ecosystem of partners in your supply and distribution network. What do I mean by "customer ecosystem"? To understand this term, please take out your cell phone and consider a few questions:

- Who is your carrier? (Verizon, AT&T, Sprint, T-Mobile, other?)
- Who owns and runs the cell phone towers that provide your service? (It likely is not your carrier directly.)
- Who provides the equipment that runs the network? (Lucent, Cisco?)
- Who pays the bill for your monthly service fee? (You personally or your company?)
- Who manufactured the handset? (Nokia, RIM/Blackberry, Motorola, Apple, LG, Samsung, HTC, other?)
- Who created the operating system that runs on your phone? (Apple, Microsoft, Google Android, RIM/Blackberry, etc.?)

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- How much did you pay for your phone?
(Do you really think it was free?)
- Do you use applications or games on your phone?
Who created them? Where did you buy them?
- What regulations and taxes apply to your cell phone?
(Hint: there are a lot of them. Just look at your bill.)

As a cell-phone user, you are the end customer of a complex ecosystem. You benefit from and pay for, directly or indirectly, all of the mobility and functionality of your phone – and it is provided by dozens of different companies. These companies form an ecosystem, a complex web of companies who combine to deliver the ultimate product or service to the end customer.

A business ecosystem is much like a biological ecosystem. A biological ecosystem, like a rainforest, involves a complex, dynamic web of life, cooperating and competing for resources. A business ecosystem goes beyond the linear step-by-step value chain. It involves a complex web of firms who contribute to the value provided to the end customer.

Business ecosystems extend beyond cell phones and impact many aspects of daily life:

- Music: When you listen to MP3s on your iPod, you are participating in an ecosystem that involves artists, record labels, the iTunes store, the media player on your computer, and even *American Idol*, a show

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that has completely redefined how new artists are discovered and transformed into mega-stars.

- Financial services: Buying a home, refinancing a mortgage, applying for a credit card, using an ATM, exchanging coins at a Coinstar machine, using a debit card, getting insurance or financial advice, and investing in your 401k – all of these activities involve a complex web of companies that provide specialized parts of the solution.
- Enterprise software: If you use software in your business, you are participating in an ecosystem that involves hardware, operating systems, databases, middleware, and applications. Sometimes the software runs on your computers; other times it runs in a remote data center, referred to as “the cloud.”

As CEO, you play a vital role in positioning your company within your ecosystem. To create aligned action, you must create a shared view and understanding within your company of who is in your ecosystem, how it works, and where you fit. Who is the ultimate end customer of the ecosystem? Who is your direct customer with whom you exchange money? How do you connect to and relate to other players in the ecosystem? Without this understanding, focusing your sales and product development efforts becomes very challenging.

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CREATE A ROBUST FRAMEWORK FOR SOLUTIONS

If you've been in business for any length of time, you've no doubt encountered the concept of "solutions." Unfortunately, "solutions" is one of the most overhyped and misused concepts in all of business. Everyone, it seems, from information technology companies to pest exterminators wants to be a solutions provider. Management teams go away to offsite meetings and return to declare that henceforth they are in the "solutions" business. They think that simply declaring that the company is in in the business of providing "solutions" is the magic solution to their business problems.

A solution is a set of products and/or services that satisfy a customer's desire or solve a customer problem. The exact mix of products and services, and who provides them, is part of the puzzle that you must figure out. Here's a simple example. We recently redecorated our family room and wanted a flat-screen TV mounted on the wall and connected to a surround sound system. I purchased all of the products from a major electronics retailer. I could have installed the equipment myself, but I chose to pay for the installation services offered by the retailer. They sent out a crew to set up everything – everything, that is, except for the installation of an electrical outlet. For that piece, I had to call a licensed electrician. So as the customer, I still had to do the work to put together the entire solution.

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Since the complete solution likely requires a mix of products and services from your company and others, you must insist on a thoughtful conversation about the customer's solution options and tradeoffs. In many companies, it is tempting to announce a solution without a clear definition of the problem you are supposedly solving. The real heavy lifting comes when you operationalize the solution and determine exactly what products and services will be delivered to the customer, by whom, and under what terms.

As the CEO, you must create a robust framework to have a conversation about solutions. At a high level, you want to guide a conversation that converges on four main questions:

1. What is the problem that the customer is really trying to solve?
2. What are their alternatives for how they could solve that problem?
3. How would our particular solution provide a better alternative?
4. What set of tradeoffs is a customer making that would cause them to prefer our solution at a particular point in time?

Frame the entire issue of solutions from the customer's perspective. The solution is for them, after all. As a basic example, consider how many times you have bought an item from a store, only to bring it home and discover that

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“batteries are not included” or “some assembly is required.” You haven’t really bought a full solution, have you? You still have work to do or components to acquire in order to have a complete solution.

Here are a couple of exercises you can do with your team as part of this discussion:

Step 1: Define the ultimate end result and then list all the elements required to achieve this result.

Remember the old saying that customers do not want a shovel, they want a hole? Start by figuring out what the customer’s hole is – what is the ultimate end result that they are trying to achieve? Now brainstorm everything that the customer must have in place for the solution to work in operation.

Once you have gone through this list, go through it again. This time, you can conduct the dinner party exercise. If you’ve ever hosted a dinner party, you know the feeling when your guests are arriving and you realize that you forgot something. These last-minute things are like batteries that are not included. Update your list accordingly. Make sure you have a complete checklist of everything that will be required. Once you have this list, you can move to the next step.

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Step 2: List all of your customer's options.

Once you have defined all of the elements of the customer's solution, you can go to the next step: defining all of the various options for how the customer might choose to buy the solution. Remember this is not what you are offering (yet); it is simply considering the various ways that customers buy.

It may be helpful to consider an acronym that defines three points along a spectrum of customer options:

DIY-WBIFY-WRIFY.

DIY: Do It Yourself. This solution is for the customer who, metaphorically speaking, wants to go to Home Depot, buy tools and materials, and build it themselves. Some do it for the fun of it, some to save money (at least in their minds), or others because they believe that what they want is not available commercially. If you are providing a solution for a DIY customer, you are often providing tools that they use themselves to build something.

WBIFY: We Build It For You. This solution is for the customer who wants a general contractor to build it for them – whether it is a house or a computer system. They basically want to purchase a complete solution, sometimes called “turnkey,” and don't want to deal with the details of assembling and integrating all of the parts.

WRIFY: We Run It For You. This solution is for the customer that wants someone else to run the entire process

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on an ongoing basis, like the owner who hires a property management service. This company then maintains the property at an agreed service level and coordinates all of the required components.

Is it possible for one company to provide solutions along this entire spectrum? Yes, but it may require a very large organization to do so. IBM for example, sells hardware and software to customers who choose to do it themselves, provides professional services to build entire systems for customers, and also will contract with customers to operate entire portions of their information and business systems on their behalf.

In today's economy, there are numerous variations of these themes. It is useful to segment the various ways in which a customer might create a solution. A solution framework allows you to think about competition more broadly – it contains the full range of internal and external alternatives available to your customer. Your offerings and business model must be positioned within this context.

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CREATE A SHARED VIEW OF YOUR CUSTOMER'S DECISION PROCESS

There is an expression in sales that companies don't buy, people do. So while creating the ecosystem view is essential to understanding what is going on in your customer's environment, the ecosystem view by itself is not sufficient. It is also essential to understand the internal decision-making process inside your customer's organization. Creating this view is essential to crafting your sales and marketing approach by clearly defining your customer's decision-making process.

Start by clearly defining the decision-making unit (DMU) inside your customer's business:

- Who is the user of your product, service, or solution?
- Who benefits from the output of your product?
- Who generates input into your product?
- Who is the economic buyer?
- Who controls the budget?
- Who are the influencers/recommenders?
- Who else might support or block a decision?

Getting clear on the different players inside your customer is the first step. Now think about how these players would work together (or sometimes in conflict) to make a decision about your product or service. Depending

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on the maturity of your product or service, the customer may or may not have a clearly defined decision-making process.

Often these questions are neglected or delegated to the sales function – yet truly understanding your customer requires understanding how they actually operate. When everyone in your organization understands this aspect, they can be much more effective in providing value to your customer.

YOUR ROLE AS CEO IN CONNECTING WITH THE CUSTOMER

In my experience, a high percentage of business problems originate from a lack of focus on or a disagreement about the customer. As CEO, you are in a unique position to address this issue and build customer connection into the heart of your company.

Sometimes you as CEO are part of the problem. The CEO is frequently smart, analytical, and visionary. Often the CEO carries around a picture of the complete ecosystem in his or her head. The CEO is able to synthesize what she learns in all of her varied interactions with the marketplace. Yet the functions within the company often only see a part of the picture. They see one part of the proverbial elephant and act accordingly.

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As CEO, you can overcome this issue by deliberately creating context about your customer. Schedule time to bring your people together to create a shared view of your customer's ecosystem. Draw a picture of all of the players in the ecosystem. Show how products, services, money, and incentives flow to the various players. Look for where the revenue and profit flows from the end customer's perspective.

Create a shared view of your customer's solution options, tradeoffs, and decision process. Who is involved in making decisions? What is most important to them? Insist that your sales leaders and product leaders educate the rest of the company about the customer.

As CEO, you can create customer connection through creating a routine where the customer is the center of your interaction. Go meet with your customers. Bring people from the organization with you, not just the sales rep for the account. You can have your sales force set up the meetings, but be clear that you and others are attending as well and that the agenda is not about sales. You simply want to understand their world and look for ways to serve them better.

A word of caution: your organization will resist this routine at first. Your sales leaders will say that it detracts from real work. Your sales reps will complain about bringing extra people to meetings until they see how this creates better relationships and actually makes their jobs

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easier. Others will complain that you are slowing things down. Do it and don't apologize.

ABOUT THE AUTHOR

Ron Wilder serves as a strategic advisor, coach, and teacher to business leaders worldwide. Ron works with CEOs, business owners, executives, entrepreneurs, and experts – in companies ranging in size from one-person start-ups to Fortune 500 corporations.

In 2003, Ron founded Aligned Action, a strategy-focused executive coaching and advisory firm. In Ron's work with clients, he assists leaders in creating big opportunities, taking the seeds of a vision and crafting a strategy to realize it, and aligning the organization to accelerate sales growth and profitability. Ron's work is typically behind-the-scenes, with results occurring *through the leader* who is rapidly developing into a more effective and powerful leader in the process.

Ron's career began in Silicon Valley, where he worked with R.B. Webber & Company, a boutique strategy consultancy and venture capital firm. He held sales, marketing, and corporate development roles for two venture-backed start-ups.

Ron holds a B.S. in Physics from Emory University and an M.S. in Engineering-Economic Systems from Stanford University. He served in the U.S. Naval Reserve and deployed to the Persian Gulf during Operation Desert Storm.

Ron enjoys playing classical piano and is an active practitioner and student of the martial arts. He lives outside of Raleigh, North Carolina with his wife and two daughters.

Ron writes extensively on business and leadership at his blog, found at www.alignedaction.com.