Jump Starting Your Organization

The True Believer

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Today's Target

The following was attributed to the NCOIC (non-commissioned officer in charge) of the Special Forces (SF) Assessment and Selection Course in a welcome speech to new SF candidates. *"Somewhere a True Believer is training to kill you. He is training with minimum food or water, in austere conditions, day and night. The only thing clean on him is his weapon. He doesn't worry about what workout to do---his rucksack weighs what it weighs, and he runs until the enemy stops chasing him. The True Believer doesn't care "how hard it is"; he knows he either wins or he dies. He doesn't go home at 1700; he is home. He knows only the Cause." "Now, who wants to quit?"*

Change the content of this message and substitute Your Company in this message. At this moment:

- Another company wants *your business*. They don't care how many hours they have to work or how many sacrifices they have to make. They want your customers, your business, your income.
- Their weapons may consist of better computers and software, more dedicated employees, tireless attention to detail, an endless appetite for calling prospects, or unlimited shoe leather. Some combination thereof will eventually put this company in your customers' offices and eventually in your bank account.
- This company is a predator. How you respond to them will determine if the best years are behind your company or in front of it.

8 key objectives represent common ground regardless of whether your business is a multi-national corporation or a local nonprofit organization that provides mental health services. All organizations have one common denominator - **a constant need for revenue.** You control revenue growth based on how you interact with customers and employees. It is a given that if you offend customers, alienate employees, and stiff suppliers that you will eventually lose your business. But to what extent do you have to practice each of these negatives in order to see your front gates padlocked? What is the difference between a control freak, egotistical robber-baron and a hard-nosed businessman? And what about the business owner or the board of directors that decide to accept the status quo and prefer to drift? Is their indifference better than the staccato beat of the control freak? Certainly it varies by industry and circumstance, but as a rule if you want to increase profits, want to decrease employee turnover, want to decrease customer complaints, and want to increase job satisfaction sooner or later you will find that the eight principles detailed below are essential to form a foundation for sustained growth.

- TARGET Customer Satisfaction As Your Company’s Number One Objective
- PROVIDE Superior Service Regardless of How Difficult the Task
- IDENTIFY Opportunities That Substantially Increase Products and Services That Customers Want
- CLEARLY Define This Objective With Employees and Provide a Reward Structure from the Bottom Up
- LET Employees See That Their Peers Are Being Rewarded for Their Contributions
- PRICE Products and Services Based on Quality Not Competition
- TRANSLATE Market Position and Reputation Into Revenue Growth
- FEED Revenue Growth By Constantly Reinforcing Customer Good Decisions

Customer Satisfaction - Number 1

It is difficult to imagine expecting your phone to ring, but intentionally disconnecting the phone line. It is equally hard to understand making a sale when employees are poorly trained, operations are understaffed, manufacturing turns out substandard merchandise, and engineering designs defective ones. And yet most of us willingly and whole-heartedly support this business atmosphere when we purchase *cheap* products that can't be fixed, and are intended to end up as paperweights or landfill fodder. This of course subscribes to the mantra of the American consumer……more is BETTER! An "ideal" that has been sold to us for decades by advertiser and neighbor alike.

Imagine selling another approach to your customers……….products and services designed for a lifetime. Ongoing attention to the little old lady in Duluth with the same amount of respect and concern as the top sales rep gives to Microsoft. Service to each customer on an equal basis, with each customer being given quality and integrity by the seller. Sounds unrealistic, doesn't it? But it wasn't unrealistic in the world of Arthur Miller's character, Willy Loman, in *Death of a Salesman,* or James Agee's 1915 world of Knoxville, Tennessee in his novel, *A Death In The Family.* Far beyond technology and time the difference between those settings in 1915, 1949 and now is business attitude.

In 1928 General Electric manufactured the first Monitor Top refrigerator. GE advertised the refrigerator as being maintenance free. In fact, their engineers designed Monitor Tops to last a minimum of 25 years. Parts were stocked by GE dealers until well in the sixties. Thousands of these refrigerators are still operating flawlessly today. Today the average life of a refrigerator is about seven years. If you try to find parts for an older model (something five years old or older) you may run into major problems.

What changed? In my humble opinion, it is the adoption of the "WalMart" business model.

- Cheaper Is Better
- Product Origin Doesn't Matter
- Volume Is More Important Than Quality
- It Is Less Expensive to Replace Than to Repair
- Selection Is Secondary to Price
- Customers Don't Want to Connect With Their Retailer

WalMart's success speaks for itself, but with respect to the long-term a cloud may be on the horizon. WalMart fights the stigma of the lowest-cost retailer at the same time that they herald that position. This bi-polar position drives customers away as they reach higher income levels and don't want to be associated with the discounter. At the same time WalMart has to drive the market to lower income level consumers to retain volume. Profit margins are maintained by driving costs still lower in the production process by forcing suppliers to go further offshore to manufacture products. WalMart trumpeted the policy ten years ago of supporting and encouraging the "MADE IN AMERICA" policy. Today, with the exception of groceries, the preponderance of products wear the tag "MADE IN CHINA".

All of this relates directly to our first business growth principle - **Target Customer Satisfaction As Your Company's Number One Objective**. WalMart's business model is perfect if the customer desires immediate gratification, but is that what you want your customers to have? Where would WalMart be if their customers, like GE's Monitor Top refrigerator customers, expected their products to last 25 years? Would customers shop at WalMart if they were looking for long-term relationships with sales people? Would they shop there if they expected knowledgeable answers and after the fact support? Would they shop there if they expected anything other than a low price and a quick fix?

Superior Service Regardless

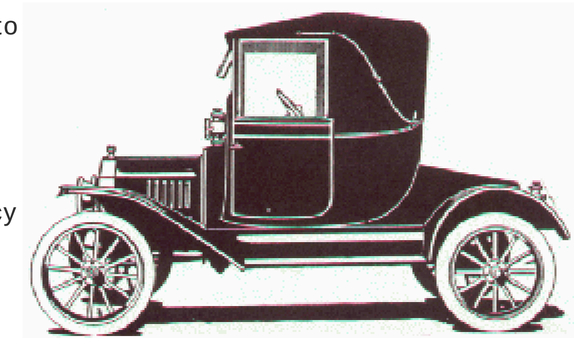
Maytag for decades has advertised that their "repairmen are the loneliest people in town." This has driven home the impression with consumers that Maytag products are better designed, built and supported. Maytag through both good and bad economic times has supported an extensive dealer and repair network that routinely repairs rather than replaces Maytag appliances. This is mirrored in parts availability and ease of service in many of Maytag's appliances. 3M is world-renown for product inventiveness and manufacturing quality, but the real core of 3M's success is overshadowed. That is continuous training provided to sales and service personnel which results in superior after the sale customer support. In 3M's corporate culture customer feedback is carefully monitored and results in even better products.

The U.S. Postal Service for almost two centuries had an extraordinary reputation. The organization clearly lived up to the motto, "Neither snow nor rain nor heat nor gloom of night stays these couriers from the swift completion of their appointed rounds." The postal service was known for delivering mail in impossible situations. Sometime during the second half of the twentieth century the halo slipped and the rest of the story has been history as they say. By the mid-1970's Federal Express had grabbed a toehold, and while they were largely ignored by the bureaucratic postal service, FedEx carved out its own niche, defined a new market, took the U.S. Postal Service on head-on, and eventually forced the postal service to start adopting some of the FedEx business model. The outcry was so severe within bureaucratic ranks, that when FedEx applied the heat with a now famous commercial deplicting postal workers discussing their pensions and letting customers stand helpless in impossibly long lines, FedEx was forced to pull the commercial almost immediately by threats of congressional pressure. Despite ever increasing competition in the private sector and a slowly responding U.S. Postal Service, FedEx has continued to grow and prosper for three decades largely because they - **Provide Superior Service Regardless of How Difficult the Task**.

Attention to Opportunities

In the late 1920's the Ford Motor Company was faced with a dilemma. Built on Henry Ford's unwavering vision, iron-willed determination, and rock-hard stubbornness the company had passed a crossroads. The Model T had built the company but now it was systematically killing the

"House that Henry Built". Everyone from Chevrolet to Dodge was kicking Ford with new features and models. The Model T was hopelessly obsolete in every respect and with 15 million having been built by the end of production in 1927 the market was saturated. Styling, horsepower, safety, and efficiency had been surpassed by every major car maker, as well as most of the minor ones. Internal battles raged within the Ford organization over everything from color to engines. Forceful action was the only thing that was going to pull the Ford Motor Company out of the morass that had been created by not listening to what customers really wanted. The catch-up process was financially and personally painful for thousands of employees and Ford dealers. The company shut-down for six months in 1927 to retool for the Model A. After the car's release Ford Motor Company would still lag behind the current market and it wouldn't be until 1932 that the Ford V-8 was released.



The lesson here is this. Ford Motor Company overtook Olds, Buick and Cadillac combined in 1906 to become the number one auto maker in the United States. Ford did this because they had a simple idea and an affordable automobile. They listened to what people wanted. Henry Ford and his company fulfilled principle number three - **Identifying Opportunities That Substantially Increase Products and Services That Customers Want**. This put Ford in the number one position. However, by 1933 the company had long since lost this vision and Ford had fallen to third place behind General Motors and Chrysler. Ford would not advance to the number two position again until 1950. The company has never made it to the number one position again.

Bottom-Up Reward Structure

Objective number four should be the most apparent in its clarity. Instead from the likes of Enron, Tyco, WorldCom, Adelphia, Global Crossing, Peregrine Systems and others a disturbing pattern clearly emerges from the mirage of overstated earnings, falsified financial statements and excessive price to earnings multiples. All of these companies had unreasonably disproportionate senior executive compensation in relation to responsibilities and actual earnings.The argument is always made that top executives deserve golden parachutes when they are terminated or their companies are acquired, but it is difficult to reconcile $70 million to Disney's Michael Ovitz for sixteen months of work, $22 million to Henry Yuen for two years at Gemstar-TV Guide International, $35 million to EDS executive Lester Alberthal, and the most recent, an estimated $21.1 million to Carly Fiorina recently ousted from HP. The truth is that leadership comes from the top. Innovation comes from the bottom. None of these chief executives designed a product, changed a corporate culture for the better, or successfully turned their company around. Their vision was not successfully shared with the people who answer the phones, make the sales calls, design the products, or implement day-to-day policies. Those people are the "nuts and bolts" of every company and those people don't benefit from large bonuses, incentive stock options, and substantial perks. Think how far $70 million would go with Disney's 53,800 employees; another $1,300 per employee.

Contrast excessive executive compensation cited above with Kingston Technology's policy of treating employees as family, and the decision of the company's two founders to share a substantial portion of sales proceeds with employees when the company was bought-out several years ago. Their reasoning - the employees built the company.

The unvarnished truth is that - **Clearly Defining Objectives With Employees and Providing a Reward Structure from the Bottom Up** can have a positive impact on earnings regardless of whether the company manufactures widgets or provides professional services. Employees respond positively to favorable recognition by management, salary and bonus incentives, and good benefit packages. Reward structures that foster employee growth and individual incentive are one of the fastest ways to achieve legitimate revenue growth and higher earnings. What chief executives don't see when they look out their office windows is usually what everyone from the mailroom to customer service already knows. That information when properly used can keep car companies in the number one position, appliance manufacturers making refrigerators that last 25 years, and discount retailers in the market for the long-term.

Rewards for Contributions

Moss Hart, playwright and director, in his 1959 best-selling autobiography, *Act One*, best expressed the vital spirit of success:

"Can success change the human mechanism so completely between one dawn and another? Can it make one feel taller, more alive, handsomer, uncommonly gifted and indomitably secure with the certainty that this is the way life will always be? It can and it does!"

Success breathes life into an organization. It convinces employees that there is no challenge that they can't meet. Principle number five - **Let Employees See That Their Peers Are Being Rewarded for Their Contributions**, when managed in an even-handed manner creates healthy competition and esprit de corps in an organization. The majority of employees want to see their peers advance and be rewarded for their efforts. No one wants to work in a company where employees are routinely passed over for promotion, raises are never given, and workers are systematically placed in dead-end jobs. And yet that is the norm for many companies. What is missed by these employers is the opportunity to grow the next crop of technicians, managers and entrepreneurs. People who know their company and its needs far better than any outside talent brought in. For the last twenty years company after company has succumbed to the mantra of "downsize and outsource". Shifting benefits and employees off the books has become the major objective of many human resource departments. Convincing employees to become independent contractors has made a cottage industry of home-offices and has helped fuel the growth of Office Depot, OfficeMax and Staples. What is lost in the translation when everyone works out of an office of one? Interaction between employees, exchange of ideas, new concepts, designs, markets and ventures - things that evolve out of a collective workforce.

Success earned by one person is difficult to share in a workforce of one. It is difficult to stay motivated when you are the only one looking at your accolades. Instead of downsizing and outsourcing the mantra should be "cross-training and retraining." Much could be learned in every company if knowledge and experience was shared. Imagine what would happen if one day a week was devoted to cross-training. Could a marketing department benefit from what service technicians were being told by customers? Could service technicians learn more if they understood how sales prospects were identified? And what about executive officers and manufacturing workers? Understanding the problems and opportunities in every job position provides a solid base for employee growth. Rewarding employees on an equitable basis for their growth breeds success and encourages their peers to also grow.

Price Based on Quality

From 1941 until 1981 Zenith designed and marketed the Trans-Oceanic shortwave radio. It was a technically superior portable radio and at the time

was the most expensive radio of its type in the world. It was frequently the companion of presidents, world explorers, journalists, yachtsmen and movie stars. Frank Sinatra was given one as a present. Sir Edmund Hillary and Marlin Perkins used them on expeditions, and thousands of GIs used them in World War II, the Korean War and

Vietnam. During the Korean War Zenith manufactured a military version of the radio for the U.S. Army that was as rugged as a boot. The Trans-Oceanic radio is a prime example of - **Pricing Products and Services Based on Quality Not Competition**. Zenith successfully played to both ends of the market; returning soldiers from World War II as reflected in the ad to the left, and well-healed adventurers. Discounting was never a marketing strategy and for almost two-thirds of the forty years that the radio was manufactured it was the most expensive portable radio of its kind in the world. Over 780,000 Trans-Oceanic radios were manufactured and thousands of them are still operating.

Zenith built a quality radio that was unsurpassed. They marketed it and priced it according to that quality. For decades it identified and defined the company. That is what price based on quality does. It separates a company from discounters, and provides the customer with intangible as well as tangible value. The customer identifies with the product or service and *wants* to tell friends and business associates about it. Word of mouth is the best possible endorsement that your company can have.

Reputation Driven Revenue Growth

By this time the conclusion should be self-evident. Applying the first six principles detailed above creates a business reputation based on quality and responsiveness to customer needs. That reputation protected and nurtured every day generates growth and translates to higher revenue and profits. Reputation sells the company and makes it harder for competitors to take good customers. In a price-driven market customers will be lost, but they will not be the best customers. They will not be customers that are striving to achieve the same quality standards in their own companies as you have achieved in yours. In short, discounters stay with discounters and quality-driven customers stay with companies that provide maximum tangible and intangible value with their products and services. A good reputation drives price and quality drives reputation.

Reinforce Customer Good Decisions

It is very easy for customers to forget you. On a regular basis they are bombarded by scores of your competitors. If you have done your job well through the first seven principles you may very well have less contact with your customer than some competitors. That's because your company has done the job right. Everyone else is trying to get it right. Don't slip up on principle number eight - **Feed Revenue Growth By Constantly Reinforcing Customer Good Decisions**. Keep your name in front of your customer in the most positive and unobtrusive manner possible. Provide your customer with a means of grading your performance. Listen to what they want. And always reinforce their good decision in selecting your company by providing better services and products. Let your customer know that you can offer much more and make it look easy when you move the world for them. That will fuel your growth in every economy.