TTI SUCCESS INSIGHTS®

27 Challenges

Workbooks

Sample Company

7-18-2013

27 Challenges

27 Challenges: Getting to the Core of Critical Issues

The 27 Challenges and their opposite, the 27 Strengths, have been used with thousands of CEOs and their management teams to help identify and address areas of concern. So many issues that create chaos in a business aren't identified correctly. Or they get bunched together under one big issue which can lead a business owner to solving one aspect of the issue and ignoring the others.

The reason it's important to recognize and articulate your top challenges starts with knowing that if you can name a problem you can fix that problem. If you identify a problem incorrectly, you are simply adding another layer of confusion to your business and wasting time and resources.

For instance, when you start finding that your profitability is eroding, margins are deteriorating and customers are migrating away do you calmly assess the situation and recognize that you need to have a flexible planning model, a 12-month profit plan and a better understanding of your cost of goods? Or do you panic, lower your prices, which further erodes yor profitability and start assuming you have the wrong people in place?

Each of these 27 Challenges will impact your company as you grow. The approach that the concepts underlying the 7 Stages of Growth uses helps a business owner focus on the right things at the right time. There are specific challenges that need to be priorities in each stage of growth. One of the rules that govern the 7 Stages of Growth is: What you don't get done in any stage of growth doesn't go away.

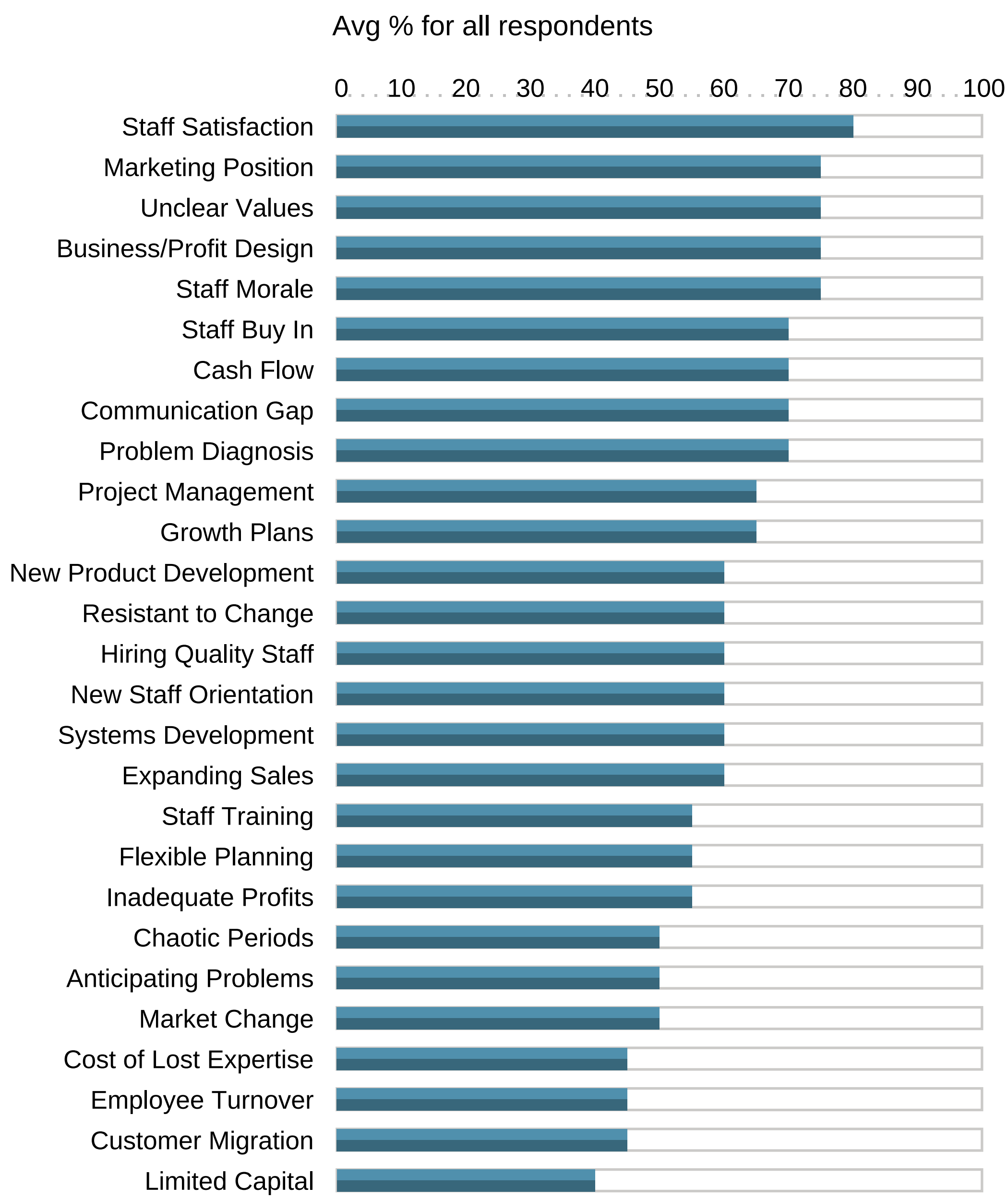
Taking the time to identify your top challenges and getting alignment behind those top challenges with your management team is a critical step in staying ahead of your company's growth curve.

27 Challenges

The identification of key challenges can help a company put words to otherwise nebulous issues and provide a CEO and his/her management team with a language of growth that can uncover the root cause of these issues and put a company on a path of successfully navigating its own growth curve.

27 Challenges

The main Business Challenges are on the top, the Strengths are at the bottom.



27 Challenges

27 Challenges: Questions and Answers

Below are the questions and your response percentages and answers.

80% - I believe that the organization doesn't understand the impact that staff satisfaction has on the company's profitability.

75% - I believe we have weak product/service development and differentiation in the market place.

75% - I believe we have unclear values throughout the organization.

75% - I believe there is a need for an improved profit design to sustain our profitability.

75% - I feel we have low staff morale and voltage (potential energy) in the company.

70% - I believe we need better staff buy-in on key strategies and initiatives.

70% - I believe the business suffers from continual cash flow problems.

70% - I feel that we have weak leadership/staff communications.

70% - I believe we have difficulty diagnosing the real problems or obstacles to growth.

65% - I find we have poor project management and resource coordination.

65% - I believe the organization, as a whole, struggles to understand how the company will grow in the future.

60% - I feel that we are too slow getting new products/services to market.

60% - I feel the company culture is generally resistant to change.

60% - I find that we have difficulty hiring quality staff.

27 Challenges

27 Challenges: Questions and Answers

Below are the questions and your response percentages and answers.

60% - I believe we have poor orientation for new staff.

60% - I believe we are not able to quickly get systems and procedures in place as the company grows.

60% - I believe there is a lack of confidence in our ability as a company to expand sales.

55% - I find that staff training is poor.

55% - I believe we don't have a flexible planning model to allow the business to 'roll with the punches' and to react to change.

55% - I believe our profits are inadequate to grow the company.

50% - I see that chaotic periods destabilize the company.

50% - I believe we have difficulty forecasting problem areas before they surface.

50% - I believe that we are one step behind the marketplace and our customers change too quickly.

45% - I feel that the company has difficulty dealing with the cost of lost expertise and knowledge when employees leave.

45% - I see that the business experiences high employee turnover.

45% - I feel our customers are migrating away from our products/services.

40% - I feel we have limited capital to grow.

Comments

These are the open-ended responses to the last question.

27 Challenges: Open-ended Answers

If you would like to add any comments then please provide them here.

Introduction

As companies grow, their complexity increases. That complexity level doesn't increase because of revenues or profits or equity growth. The complexity level increases because of the one factor in a company that can't be controlled: People!

The book by James Fischer, "Navigating the Growth Curve," refers to the level of complexity that increases as a company adds more people. There are seven stages of growth entrepreneurial companies move through, and the model starts when a company adds one employee and continues along this growth curve up to 500 employees.

The seven stages of growth get a CEO's attention because the concepts allow business owners to do three things:

1. Predict how growth will impact the company.
2. Focus on the right things at the right time.
3. Help the leaders adapt to the changes needed as the company grows.

The Stages of Growth challenges provide a CEO with critical information to help him/her look at the past, the present and the future challenges of the business in order to better understand what hidden agents are impacting the company's ability to grow. Once a CEO has identified those hidden agents and put a name to the underlying issue, those issues can be solved so the company can move on.

Hidden Agent: The 27 Challenges

Successful companies make sure they focus on the right things at the right time. The Stages of Growth research captured 27 Challenges that companies face at one time or another. Many times, it appeared that more than five of these challenges were critical for them to address at a specific point in time. However, the successful companies took the time and energy to focus on just five of these challenges at any one time. They addressed the most critical challenges for their stage of growth and moved on. The biggest detriment to companies as they grow is not focusing on a limited number of key issues.

Companies that weren't able to sustain profitability year after year chased after each issue as it appeared on the horizon. Taking stock of the challenges every six months for their specific stage of growth proved to be a key factor in companies staying alert to the changing environment around them.

It's hard for business leaders who are bombarded by issues every day to take the time to actually articulate what is occurring. There is a growing suspicion that something is creating a problem, but it's hard to actually identify what it is.

The value of the 27 Challenges lies in the ability of a business owner to put a name to almost every issue a company will face. This allows the entire management team of a company to address each challenge in detail, identify the steps that need to be put in place to solve those challenges and engage the entire organization in the work of growing the business. By using a language of growth, the CEO can quickly align with critical issues and move the company forward.

Below is the list of the 27 Challenges. One goal of the Growth Curve X-Ray is to identify the top challenges for each of the seven stages of growth and provide critical insight into how a business owner can take that knowledge and apply it to a growing business in order to stay ahead of that company's growth curve.

Introduction

- Anticipating Problems
- Business/Profit Design
- Cash Flow
- Chaotic Periods
- Communication Gap
- Cost of Lost Expertise
- Customer Migration
- Employee Turnover
- Expanding Sales
- Flexible Planning
- Growth Plans
- Hiring Quality Staff
- Inadequate Profits
- Limited Capital
- Market Change
- Marketing Position
- New Product Development
- New Staff Orientation
- Problem Diagnosis
- Project Management
- Resistant to Change
- Staff Buy In
- Staff Morale
- Staff Satisfaction
- Staff Training
- Systems Development

Introduction

- Unclear Values

Identify The Problem - Name It - Solve It:

The Value of Understanding The 27 Business Challenges

Recognizing that focusing on the right things at the right time is how successful companies thrive. Recognizing this requires knowledge of what those right things are. Identifying the top challenges and strengths based on the organization's current stage of growth will take a lot of the guesswork out of where to spend precious resources. The challenges put a name to almost every issue a company will face, and this allows the CEO to address it in detail and, in most cases, fix it.

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DISCOVER • ENGAGE • ADVANCE • PERFORM

Inadequate Profits

The Challenge:
Inadequate Profits

The Challenge Defined:

There are two critical activities a business must focus on in order to create a sustainable business model: increase profits and decrease costs. Simplistically, profit is defined as the act of bringing in more money than you spend. What's left over is considered profit. Costs are, of course, all of the funds needed to operate the business.

A business must focus on gross profits and net profits and each one requires a consistent and well thought out strategy. To calculate gross profits, you calculate total sales/revenues minus cost of goods (also known as cost of sales). Cost of goods (COGS) is the sum of all the costs it takes to get a product or service from manufacture to sold. Cost of goods are made up of direct labor (the labor costs that go into producing a product or service), direct materials (the materials that go into producing a product or a service) and allocated overhead (a portion of overhead costs that can be directly linked to a product or service). For example, the COGS for an automaker would include the material costs for the parts that go into making the car along with the labor costs used to put the car together. The cost of sending the cars to dealerships and the cost of the labor used to sell the car would be excluded in the COGS. Miscalculate your COGS and you may under price or over price your products, leaving you at risk for competitors to steal customers.

Net profit is calculated by subtracting administrative and overhead expenses such as marketing expenses, rent, utilities, insurance, salaries, benefits, etc. from your gross profits. Once a company begins to understand their gross and net profits, they can make better business decisions. Ignoring the basics that drive profits into a company is the primary reason businesses fail.

It is imperative that organizations are disciplined in their approach to generating profits and that all employees have a basic understanding of how their job, the work they do every day, helps the company make and keep its money. This means that companies must continually evaluate price, volume and costs as they relate to their cost of goods and continually evaluate how to reduce or cut overhead expenses. The organization must understand the reasons behind why they price their product and service as they do. Are they price competitive?

What is the value proposition? There should always be a focus on maximizing the profit margins for the product or service they supply.

There are other organizations out there that believe that their current profit margin rate is sufficient for growth. Often times this faith that business-as-usual will be enough leads to misfortune. Organizations must be strategically analyzing their current as well as projected profit rates and comparing them with their business plans for the next one to three years to ensure they are prepared for all of the financial investments coming up.

Inadequate Profits

Critical Questions:

- Where does the company make the most money
- What is our profit plan (budget), and why is it critical?
- Has the organization identified how it will make money? What is the company's profit design strategy?
- How competitive are your prices? Do you know what competitors charge?
- How do you know if your pricing structure is effective?

Why this Challenge Must be Resolved:

According to the eMyth website, while only 42% of businesses surveyed had a written description of the desired future state of their business, those that did grew 50% faster than their peers, were more optimistic about the future, were 30% larger and their leaders took home 25% more in compensation.

Business leaders that use their balance sheets and income statements to make decisions earned 60% more than their peers, and their businesses were 45% larger.

Business leaders that tracked business metrics at least monthly earned 60% more than their peers, and their business were 80% larger.

Having a plan and budget for next year is important. However, plans and budgets need to be dynamic to change with business conditions. The process that ties the high level vision and objectives to the execution of the details is what allows the entrepreneur's vision to be captured by the manager and executed by the technician, and revised on an ongoing basis.

Simply driving a lot of revenue into a business does not guarantee success. Too often organizations believe that by focusing on top line revenue growth they have a plan for growth. Without a solid understanding of how much money it takes to keep the doors open, and how much money it takes to produce the product or service, a company will go out of business.

Profits are necessary for a company to grow. So it's critical that there is a specific and well thought out strategy for driving profits into a company. Successful companies recognize the importance of creating a profit plan (budget): A 12-month view of the company's core competencies from which they derive revenue, monthly projections of revenues, cost of goods and expenses.

Without a profit plan, a company is like a pilot who may know the direction he is flying but has no idea what his altitude is or how fast he is flying into that 14,000 foot mountain that lies just ahead.

By understanding cost of goods and how much gross profit is made on each product or service, a company can evaluate where to put its resources. Good decisions on where to allocate limited resources can be made. Price points can rise or fall and stay ahead of competitors. By taking an aggressive view on cutting costs, a company can not only survive in tough times but actually thrive.

Inadequate Profits

By having all company employees understand how their jobs impact the company's ability to make money, those employees see the value they bring to the organization. When employees feel valued, they become engaged. Engaged employees boost productivity, performance and profitability. Everyone comes out a winner.

Inadequate Profits

How to Overcome this Challenge:

Challenge Exercise #1:

Make sure you are doing the following:

- Creating a profit plan (budget).
- Identifying the company's revenue groups.
- Calculating the cost of goods (also called cost of sales) for each revenue group.
- Tracking gross and net profits monthly.

Do you understand what your revenue groups are?

Revenue groups are where the company drives revenue into the business and should reflect the company's core competencies (not activities, not each client). By setting up revenue groups you will begin to understand where the company makes the most money. You'll be able to make better decisions about where to spend precious resources.

Examples of revenue groups:

Manufacturing: thread rolling; Swiss screw machine; rolled metal rods

Service: Consulting; Speaking; Products

Are you tracking your cost of goods/sales by revenue group?

Cost of goods/sales are the expenses that go into producing the product or service, such as direct labor, direct materials and allocated overhead makeup cost of goods/sales.

Examples of cost of goods/sales by revenue group:

Thread rolling -- direct labor would be the expense of all employees that work on products created by the thread-rolling machine. Direct materials would be the cost of the raw materials that go into making the product that comes off the thread rolling machine. Allocated overhead would be percentage of utility costs, rent, etc. associated with running that machine.

Do you know what your gross margins are for each revenue group?

Gross profits are calculated by taking the company's total sales minus the cost of goods/sales. To calculate the gross margin (a percentage) take the gross profit and divide that number by the company's total sales.

Example of calculating net profit:

Net profit is what is left once you have subtracted the overhead and administrative expenses from the company's gross profit. Overhead and administrative expenses include: salaries (not those calculated in the cost of goods under direct labor), utilities (not those calculated in allocated overhead for cost of goods), benefits, insurance, marketing, sales, telephone, technical support, repair and maintenance, etc.

Challenge Exercise #2:

Inadequate Profits

Revisit your gross margins on your top performing products or service offerings and make sure to explore better pricing options from all suppliers.

- Do you know what your top performing products or services are?
- Do you know what the gross margins are for those top performing products or services?
- How can you negotiate better pricing for your raw materials?
- Have you recently compared your pricing with your competitors?
- Have you raised prices to keep up with increased cost of goods?

Challenge Exercise #3:

Challenge all assumptions about how you make and keep money. Don't assume you have identified all costs associated with your products or services. Continue to track and monitor costs and continue to cut costs where feasible.

- Do you know what the gross margins are for your revenue groups?
- Have you recently identified products or services where margins are low and explored options?
- How can your pricing be improved?
- Have you examined direct labor, direct materials and allocated overhead costs on all revenue groups?
- Do you know what your most expensive items are on the company's profit and loss statement?
- Explore areas where you can cut costs.

Challenge Exercise #4:

Do your employees know how they impact the profitability of your company?

What line items on the company's profit plan can they impact?

Do they understand how waste impacts costs?

Do they understand how staying within a quoted price impacts profit?

- Help each employee understand how his/her job impacts the company's bottom-line. Start by helping employees understand the financial basics: cash flow, sales, cost of good, gross and net profit. Give them examples of how just bringing in revenue doesn't mean there is cash.

What line items on the profit and loss statement can your employees impact? Show how much the company spends today on those line items. Challenge the staff to help show a savings in the next quarter by brainstorming ideas to cut costs. Where possible, do the same with waste (for a manufacturing company or rework with a service company).

Inadequate Profits

- Track and record which products or services met their profit goals and which came in with higher than projected. Begin to educate employees on how staying within allocated hours can improve profits and efficiencies.

The Challenge:
Business/Profit Design

The Challenge Defined:

A company's profit design starts with understanding that a company's profitability is a result of the leaders managing and tracking a complex, interdependent set of components that contribute to the company's financial performance. This challenge is all about making sure the company is testing all assumptions on a regular basis about different aspects of the business. It's also about understanding that the ability for a company to generate profit isn't just about making more money than it keeps.

Do the leaders recognize that the way in which information gets distributed throughout the company can either improve their profitability or lower profit margins? The easier it is for someone in the organization to get access to the critical information, the easier it is for them to succeed, which will end up making the company more money. The question to ask is this: Does the company have an effective knowledge management system?

Most CEOs understand the need for a business plan - a road map that identifies where they are going and how they are going to get there. Too many are not aware of the fundamental profit design of their business. These are the powerful contributors to creating a profitable company that should be considered long before a business plan is ever introduced.

Below are twelve factors that impact a company's profit design with brief descriptions.

Value Exchange
The profitable organization and exchange of value for money.

For example: Do you have a clear value proposition that defines what your customers not only expect but receive when they do business with you?

Putting a laser-like focus on identifying, articulating and delivering exceptional products or services at specific price points, and being able to communicate those concepts to customers every single time is the foundation for a profitable business.

Customer Intelligence
The informed awareness of who the customers are and what they want.

For example: What is your systematic approach to knowing who the customers are and what they want?

Is customer intelligence (or the lack there of) eroding the organization's ability to be more profitable?

Scope
The range of product or service offered.

Does the company have a wide scope?

For example: When you have a wide scope, you touch a wide range of applications of the core type of business. (Steel business - selling steel products from rough generic steel like rebar and joists all the way to refined fabricated miniature steel parts used in satellites and medical technology)

Business/Profit Design

Does the company have a narrow scope?

When there is a narrow scope, only a slim range of applications for the core type of business are offered. (Steel business - only making specialized 200 foot steel joists for the airplane hangar construction business)

Does the company have a vertical scope?

When organizations have a vertical scope they are likely to source, produce, fabricate and assemble a specific type of product. (Steel business - owning the steel mill, forging steel out of iron ore, taking the steel and rolling it out into large sheets and having a cutting and stamping mill to stamp out products)

Does the company have a horizontal scope?

When a company has a horizontal scope it creates a type of product and specializes in diverse applications of the product. (A steel company in the joist business who makes joists for residential construction, bridge building construction and boat building construction)

By understanding the organization's scope, leaders are better able to stay focused on their core competencies, make strong decisions that build a future, and know what skills the company needs.

Business Development
The fusion of targeting, capturing and caring for the customer.

For example: How do you identify your target audience? What is your intentional plan for capturing a prospect (sales process) and ultimately setting a course for keeping that customer coming back?

Without a solid, repeatable approach to all aspects of business development, a company will flounder and eventually die.

Business/Profit Design

Strategic Control
The unique power of your offerings.

For example: What is the magnetic element that is keeping your customers coming back regularly? Can you define what it is? Can your employees? More importantly, can your sales team? Ask and know the answer to the question: What is the barrier to entry for your product or service?

When all employees know what brings customers to their door and why customers stay, that completes a critical piece of the profit puzzle.

Strategic Allies
The specific external partners engaged to expand sales.

For example: Have you intentionally defined and identified what alliances are critical to your growth strategy?

There are three types of business alliances.

1. Piggyback Alliance: This is where alliances give referrals for future business.

2. Symbiotic Alliance: Alliances that equally partner together for their customers.

3. Pass Through Alliance: Alliances that use your organization's services/products with their customers.

Identifying these alliances could be a critical source of revenue.

Knowledge Management
The manner in which a company leverages its unique knowledge.

For example: Is information accessible? Are systems in place to capture critical processes that ensure efficiency? Is there an effective updating process so the latest information is kept and out of date information is archived?

Helping employees gain quick and efficient access to information will improve a company's bottom line.

Business/Profit Design

Culture
The landscape and focus of the human workplace community.

For example: Does your company have a defined culture? Do your employees know what it is? Are your employees engaged? How do you know? Disengaged employees are non-productive employees.

A company's culture will evolve over time based on any number of key triggers. A manufacturing environment may intentionally create a culture of precision. In this case, has the concept of 'precision' been defined, and do people know when it is achieved? Culture can be directed through values, the vision and the company's mission.

Organizational Structure
The organizing of people to successfully complete tasks.

For example: Is your structure designed for growth? Are you thinking about positions, not people, to ensure the right decisions are being made?

Simply adding more people may only increase the overhead and not improve efficiency.

Operating Systems
The support structure for critical enterprise processes.

For example: Are you assuming that processes are in place and they are being followed?

Identifying critical processes should be an ongoing activity, enlisting the help of every employee who interacts with those processes daily. Assuming processes are in place and being followed can erode profitability overnight.

Research and Development
The continual discovery of solutions to the customers' needs.

For example: Do you have ongoing customer reconnaissance, examining current offerings for your customers and talking with customers regularly to assess their future needs?

While R&D is considered standard for product development, how is the company utilizing this concept to stay ahead of its customers' needs?

Business/Profit Design

Capital Intensity
The measurement of required financial resources.

For example: On a regular basis are you looking ahead and planning for new opportunities that may require additional funds? Are they a part of your annual budget process? Are you financially capable of funding potentially profitable opportunities?

This activity should be examined every six months to ensure that dollars are locked in for future opportunities. When this gets neglected, the ability of a company to have choices in how it grows is limited.

Business/Profit Design

Critical Questions:

- Does the company have a clear growth strategy?
- Does the company have a defined, well-articulated profit model?
- Do all employees understand how your product/service solves your customers' problems?
- Are all your employees clear about the company's strengths and weaknesses?

Why this Challenge Must be Resolved:

A CEO that recognizes that the profitability of his/her company is based on all 12 of the profit design components mentioned above will build a company that will drive long-term and sustainable profits. With this, the CEO will ensure, through this profit design thinking, that every single employee in the company knows how he/she impacts the company's bottom line.

Focusing on a company's profit design will go a long way toward helping a CEO stay ahead of the challenges outside his/her control, such as recessions. Building a solid base where profitability is based on the 12 profit design components ensures stability even when the economy isn't.

Business/Profit Design

How to Overcome this Challenge:

Challenge Exercise #1:

Identify where the company is doing well and find ways of capitalizing on those strengths.

Identify areas of concern and utilize all stakeholders in uncovering activities within those components that will improve profitability.

Look beyond the obvious financial aspects of running a profitable business. Evaluate these 12 components of your own profit design and find out how well you are doing. Profit design creates the profit architecture of your company. Not constantly probing for what is driving profits, what is driving revenue groups and what is motivating employees can cause a company to flounder and potentially die.

Value Exchange
Do you have a clear value proposition that defines what your customers not only expect but receive when they do business with you?

Customer Intelligence
What do you consider is your systematic approach to knowing who your customers are and what they want?

Scope
Wide? Narrow? Vertical? Horizontal?

Business Development
How do you identify your target audience?

What is your intentional plan for capturing a prospect (sales process) and ultimately setting a course for keeping that customer coming back?

Strategic Control
What is the magnetic element that is keeping your customers coming back regularly?

Can you define what it is? Can your employees? More importantly, can your sales team?

Do you and your employees know what is the barrier to entry for your product or service?

Strategic Allies
Have you intentionally defined and identified what alliances are critical to your growth strategy?

Who are your:

1. Piggyback Alliances:

2. Symbiotic Alliances:

3. Pass Through Alliances:

Knowledge Management
Is information accessible?

Business/Profit Design

Are systems in place to capture critical processes that ensure efficiency?

Is there an effective updating process so the latest information is kept and out of date information is archived?

Culture

Does your company have a defined culture? What is it?

Do your employees know what it is?

Are your employees engaged?

How do you know?

Organizational Structure

Is your structure designed for growth?

Are you thinking about positions, not people, to ensure the right decisions are being made?

Operating Systems

Are you assuming that processes are in place and they are being followed?

Research and Development

Do you have ongoing customer reconnaissance, examining current offerings for your customers and talking with customers regularly to assess their future needs?

Capital Intensity

On a regular basis are you looking ahead and planning ahead for new opportunities that may require additional funds?

Are new opportunities a part of your annual budget process?

Are you financially capable of funding potentially profitable opportunities?

Remember the never-changing statistics that show 80% of companies don't make it in the first five years? Chances are they lost sight of how they made money, didn't have a clear understanding of what motivated their employees and didn't have a clear understanding of what drives profit, both short term and long term.

Customer Migration

The Challenge:
Customer Migration

The Challenge Defined:

A critical question that CEOs must address throughout the life of their company is this:

How do I lock my customers into using my products or services? How do I keep them from going elsewhere?

This can be referred to as the strategic control element of a company's profit design. There are three concepts that hold a company's customers to them, keeps the competition from knocking off their products or services, gives them a competitive advantage and tells them what their average customer is worth in time and dollars.

The first concept is Customer Magnet - This measures the strength of the quality of the product or service that magnetizes the customer to continually come back to the company. Saying that a product or service delivers quality is no longer a differentiator. The proof has to be in the support and the guarantee that a company stands by when a customer complains. It has to be in the experience a customer has when things aren't going as well as expected.

According to Bain & Company, in a recent Harvard Management Update, 60-70% of customers will do business with a company again if it deals with a customer service issue fairly - even if the result is NOT in their favor!

The second concept is Barrier to Entry - This measures the strength of the specific, unique attribute or advantage that the company delivers to its customer that cannot be immediately duplicated by the competition. Every company needs to understand what their barrier to entry is and fight to make sure they don't get complacent in constantly refreshing and updating this critical competitive edge.

The third concept is Lifetime Value of the Customer - By calculating the lifetime value of a customer, a company will better understand how long the average customer will continue to be a customer and the total amount of revenue that average customer represents. To determine the lifetime value of a customer follow the formula below:

Take the average dollar amount a customer spends with you over a 12-month period.

Determine how long you expect to keep that customer in months or years.

> Example: A customer, on average, spends $10,200 a year and you expect that customer to be with you for three years.
>
> Lifetime Value = $30,600

This example was based on a customer spending $850 a month - perhaps in the overall picture of business this may not seem like large client. When you calculate the lifetime value of this customer and see that they will spend over $30,000 with you in three years, your perspective shifts and you pay more attention to making sure clients like this are taken care of.

Customer Migration

This critical number will keep a company's resources focused on nurturing that relationship, help identify marketing resources needed to stay top-of-mind for those customers and provide critical performance benchmarks to improve productivity and profitability.

"80% of companies believe they deliver a superior customer service. 8% of their customers agree!"

-Bain & Company, Harvard Management Update

Customer Migration

Critical Questions:

- Is there a customer intelligence plan for staying ahead of your customers' needs?
- Does the company understand its customers' customer?
- Is customer service a part of your performance plan?
- Do you reward employees for exceptional customer service?

Why this Challenge Must be Resolved:

It's simply a matter of good business and creating a profitable business.

"A 5% increase in customer retention can increase business profits by 25% - 125%."

Gartner Group, Leading on the Edge of Chaos, Emmett C. Murphy, Mark A. Murphy.

According to Frederick Reichheld of Bain & Company, acquiring a new customer is six to seven times more costly than retaining an existing one.

Not only is the loss of a good customer a financial impact, but it's also a public relations impact. "Satisfied customers tell nine people how happy they are. Dissatisfied customers tell twenty-two people about their bad experience." Allbusiness.com. What are your customers saying?

Customer Migration

How to Overcome this Challenge:

Challenge Exercise #1:

Keeping your customers happy requires an intentional approach to capturing, nurturing and keeping customers.

Who in your company has direct impact on the care of those customers?

Have these employees discuss how to handle customer issues such as:

1. A satisfied customer calls in and says how much he enjoys working with your company - what happens?

2. A customer calls in with a challenging question - how do you answer it?

3. A customer calls in and doesn't know whom she needs to talk to - how can she connect with the right person?

4. A customer walks in angry or upset - what do you do?

5. A customer calls in and is abusive - how do you handle him?

Identify the role each employee has in managing customer expectations and a level of customer rapport training to weekly or monthly get togethers.

How is that communicated throughout the organization?

You may also want to add customer satisfaction indicators to your performance reviews for employees.

Customer Migration

Challenge Exercise #2:

Gather key employees together and explore how well the company is handling customers on a monthly or quarterly basis. If you have created growth circle teams, this may be an ideal topic for one of their scheduled meetings. Here are a few questions that can spark conversation. Write down how people responded, and capture and implement ideas that will increase customer satisfaction.

- Is there a customer intelligence plan for staying ahead of your customers' needs?
- Does the company understand its customers' customer?
- Is customer service a part of your performance plan?
- Do you reward employees for exceptional customer service?
- What can your customers expect from you?
- What do you need your customers to do?
- Do you test to see if your value proposition is clear?
- How will you understand your customers' viewpoints?
- Are there ways to ensure you don't overpromise and under deliver?
- Are you able to identify customer issues before they become issues?

Cash Flow

The Challenge:
Cash Flow

The Challenge Defined:

Cash is cash and revenue is revenue. They are not the same thing. More than one company has closed its doors drowning in revenue, unable to pay its bills. Cash flow is simply understanding how much money a company has every day or every week to pay bills, which is critical in keeping the company afloat.

A company never has too little cash to track. Business leaders who believe they'll start tracking cash when they have some are in denial of the reality of what cash flow management is all about. There is nothing more important than understanding how fast the cash is coming in (or not coming in) and how fast cash is leaving the business. In fact, understanding cash flow can help the leaders make better decisions up to six months in advance. By really paying attention to how cash is flowing in and out of the business, the CEO can leverage even a small amount of cash, and sometimes, in the early stages of any business, that's all there is!

Cash Flow

Critical Questions:

- Does the company have a profit plan?
- Does the company monitor cash flow?
- Does the company have an operational plan?
- Does the company have a marketing plan?
- Does the CEO pay attention to financials?

Why this Challenge Must be Resolved:

The real value in managing cash flow is in reality, not wishes. The CEO can't wish money in the door. He/she may have to push out some payables if the receivables are a bit weak for that period of time. But by tracking cash flow weekly or every other week, there will be no surprises. The value of a cash flow projection will also keep the leader focused on the one activity he/she has to be focused on:

Following the Money!

Knowing how important cash flow is to a business helps a business leader send a positive and productive message to staff. If employees see the relationship that workflow, how work gets done in the organization, has on billing, they will better understand the urgency for getting projects or products out the door on schedule.

A project or product that isn't getting shipped on time means the customer isn't going to be paying any time soon. The reality of how one person's job impacts a company's ability to generate cash is powerful. Don't assume employees won't understand that relationship. Teach them how valuable their part of the process is.

Once the business starts to generate a larger amount of income, don't assume it is out of the woods. Cash flow management should always be a part of the leader's job. There may be an accountant or bookkeeper that runs it for the CEO, but he/she should always know how much cash the company has.

Cash Flow

How to Overcome this Challenge:

Challenge Exercise #1:

Managing cash flow covers any period of time that you select. It can be from the beginning of a month to the end of a month. Or it can be from one week to the next. You get to decide. Once you decide, use the step-by-step formula below:

1. Select your beginning and ending cash flow time frame.
2. Take the amount of cash you have in the bank.
3. Subtract any payables (actually paid out) for that period of time.
4. Add in any receivables (actually received in) for that same period of time.
5. What you have left is your cash on hand.

You only count money that you know is coming in during that period, and you only track money that is going out during that period. If you think it's coming in or going out, don't count it.

Cash Flow

Challenge Exercise #2:

How quickly cash comes in and goes out of your business is called your cash flow cycle. Figure out your cash flow cycle:

- Do you receive cash daily from retail sales or online sales?
- Do you receive cash monthly after a project or a portion of a project is completed?
- Do you receive a deposit when work is acquired and then the remainder once the work has been completed?

Knowing your cash flow cycle will help you make better decisions, not only about how fast you replenish your cash, but also your marketing and sales plans.

Challenge Exercise #3:

Practice cash flow planning weekly. Don't assume you know where your money is going. And, don't assume you know when your money is coming in.

Track it weekly so you understand the ups and downs of your business, and get very focused on the movement of cash in your business.

Run it for four weeks in a row if this is new to you. Once you get a handle on your cash flow, you can determine how often it should be run.

Ask: How well are we managing our cash?

Identify your own cash flow cycle. How quick cash comes in and goes out of your business is called your cash flow cycle. After running your cash flow report for several months, you'll know what your cash flow cycle is, and you'll be able to make better decisions about your marketing and sales activities.

Ask: Do we know how fast, or at what pace, our cash comes in?

Consider who in your organization should know your cash flow cycle.

How should you communicate this information to them?

Limited Capital

The Challenge:
Limited Capital

The Challenge Defined:

The need to have enough operating capital as well as investment capital changes based on what stage of growth a company is in and what their long-term vision for growth is. Limited capital to grow is an issue regardless, whether the company delivers a product or a service. Taking the time in the early stages of the company to get a handle on what resources it will need to grow is critical.

Too often it's the mentality that says: if I just work hard I'll succeed. Too many business leaders are far too short sighted when it comes to evaluating the amount of money it will take to get their company off to a solid start and keep it viable as growth takes its toll.

As a challenge, having limited capital to grow can negatively impact growth all along the way. Not just in terms of reaching specific indicator targets such as the number of clients/customers, revenues, profits - but in the longer view that takes the company beyond its immediate vision. For instance, if an organization is working with a product that is time sensitive to the market, a lack of capital will hinder it from day one.

As a start-up business looking for outside investment capital, the CEO will need help creating a solid business plan. There are many different types of business plans and a business plan designed to help raise outside investment capital is far different in content than an operational business plan. CEOs should not attempt to create an investment business plan on their own. They should hire the expertise needed to guide them through this critical process. The money spent on the front end of this process will more than pay for itself.

If the CEO is not going after outside investment money, his/her options are challenging. Again, being very clear about what is needed upfront to start the business and then financially support that business until sales start coming in the door is a critical planning process. Look for free workshops and websites that can help outline the path for acquiring outside investment capital. CEOs can look to friends and family willing to lend start up money with a payback plan. Chances are slim that the CEO will land a bank loan, as banks are risk averse. No matter what the company's needs are, the leader will need a well thought out approach.

Regardless of how leaders get their start up money, it's critical that they figure out in advance how that money will be spent. They should put together a solid profit plan (annual budget) and use these powerful planning tools to hold them accountable in terms of seeing a return on that investment every month. If leaders run their a business with no plans on how they are going to spend their money, they will run out of money before they see results.

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Limited Capital

Critical Questions:

- Has the company identified its capital needs?
- Does the company have a profit plan?
- Does the company have an investment plan?
- Has the company identified potential investment sources?

Why this Challenge Must be Resolved:

Without cash, there is no business. Understanding the financial needs of their business must be the number one job of CEOs. By understanding the critical components that drive the ability of a company to be profitable, a business leader will always stay ahead of financial challenges. Organic growth or using outside investment capital still requires a well thought out marketing plan with a well thought out sales process.

Simply driving a lot of revenue into a business is not a plan. Many companies have gone under with solid sales. By taking the time upfront to identify all aspects of a business growth plan, and outlining key processes, hiring plans and capacity issues, a business leader will increase his/her chances of success ten fold.

Limited Capital

How to Overcome this Challenge:

Challenge Exercise #1:

Steps to getting capital:

1. If you don't have a business plan, you'll need one. First, determine the type of plan you need: investment capital or operations capital. Research business plans, hire someone to help you build one or create one on your own.

2. Think about what your goals are - long term and short term. Be prepared to justify those plans financially and operationally.

3. A line of credit is another option that can help you manage growth. This requires a good relationship with your banker and strong receivables.

You may not need a large amount of capital. This exercise is designed to help you identify the type and how much capital you will need. If you think about capital as a resource you want to preserve and spend wisely no matter what the amounts are, or you think about capital as your time and energy and you allocate it efficiently, you will build a successful business.

Employee Turnover

The Challenge:
Employee Turnover

The Challenge Defined:

When a company loses exceptional employees, the loss can be seen in three critical areas:

1. Impact on other employees
2. Impact on the bottom line
3. Impact on productivity

Do leaders ask employees why they are leaving? Do managers conduct exit-interviews? Do any of these answers sound familiar?

- It doesn't feel good around here.
- They wouldn't miss me if I were gone.
- I don't get the support I need to get my job done.
- Lack of opportunity for advancement.
- Inadequate compensation.

It's hard work managing people. In fact, there is nothing harder. Therefore, this critical aspect of running a company demands the leaders' time, demands systems that focus on helping employees be productive and demands that expectations are written down so everyone knows what is expected.

To keep exceptional employees, a company has to not just say people are our greatest asset, they have to actually show they value their people. If a company is experiencing a high level of employee turnover, it isn't okay to dismiss it by thinking it was inevitable or that the employee wasn't that strong.

Here is a partial list of why it's in the company's best interest to retain exceptional talent:

- Retaining the existing talent eliminates the cost of hiring and training a new employee.
- Employee retention makes the company an attractive place for the prospective talent outside.
- Retention usually speeds up operations because employee exits and new hires are common work disrupters.
- Retaining high performing employees will keep the company strong and well managed internally. This can help a company cope better in difficult times.
- When an employee leaves the company and joins the competitor, there is often a risk of spreading the confidential information.

Employee Turnover

There are now studies that prove that when organizations have engaged employees, when their employees enjoy what they do and respect and value the culture of the organization, productivity and profits improve. So making a commitment to creating an environment that draws in exceptional employees and keeps them over time is a strategic business approach a business leader cannot ignore.

In a study by Gallup Inc., a survey of 100,000 followers were asked what they wanted from their leaders. Here is what they said: Hope, Compassion, Stability and Trust.

None of these are gained quickly, but all of them can be lost in a split second.

Here are a few ideas on how to retain great talent:

- Provide training and formal mentoring programs to show employees that the leaders support their professional growth and development.
- Promote an open-door culture where employees are encouraged to communicate about problems and concerns without fear of reprisal.
- Encourage the staff by giving rewards for their better service or by publicly praising the staff when they do a good job.
- Favoritism should be strictly avoided as it creates distrust among loyal staff.
- Get employee feedback about how to make improvements in processes or policies.
- Give the staff the chance for internal promotions.
- Annually review the current market pay scale in order to revise salary structure.
- Provide employee incentives, such as paid days off, movie tickets, dinner for two at a favorite restaurant, gift vouchers, etc.
- Promote sport activities, group dinners, trips or tours, community projects, etc.
- Supervise the relationships between people. Don't accept poor management behavior and poor work ethics.
- Communication should be open between employees. If there is friction between two employees, they should have an informal meeting with a manager.
- Meet one-on-one with employees and ask frankly about their level of engagement. Find out the reasons for their current level of engagement (or lack of) and propose corrective steps.

A company's focus on training and developing strong leaders is the other link that ensures the longevity of employees the business leader wants to help build his/her business. Remember, people stay at a company because they respect their manager.

Clearly identify what the company leaders' roles and responsibilities are and hire for skills - don't promote people out of their area of expertise. If the CEO can begin to provide his/her employees with leaders who know how to manage the work of the company, as well as manage the people, the employees will be more engaged, feel less frustrated, work fewer hours and will be much more productive.

Employee Turnover

It's easy to focus on job duties when hiring and training people. Leaders also have to be very clear about what behaviors they want and what behaviors they don't want from employees. As the CEO is responsible for building the team to help grow the company, he/she should take the time to clarify expectations and do this often.

Taking the time to help employees and managers really understand the outcomes the business needs to be successful is worth every minute of the CEO's time. A well-intentioned CEO is not as effective as a well-informed CEO, and understanding that the leader must begin to hire people that are more knowledgeable about certain aspects of the business than he/she does is the most successful step a CEO can take to assure the company's future success.

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Employee Turnover

Critical Questions:

- What is the company's management development program?
- What is the company's training program?
- What is the company's intentional company communications plan?
- What is your mechanism to gather employee input?

Employee Turnover

Why this Challenge Must be Resolved:

Keeping exceptional employees is the only way a business can capitalize upon profits, productivity and performance. Basically, the leader's business is his/her people! Without capable people the leader would not have a business. The development and management of people is the number one job for any leader.

The Bad Boss Study found that, in general, bosses leave their employees feeling unappreciated, uninspired, lonely and downright miserable. Before we evaluate who's at fault, let's review some of the study's data. The below information was released by psychologist Michelle McQuaid, a leader in the field of positive psychology and based on interviews with a cross section of a thousand U.S. workers:

- 64% of workers are unhappy in their job.
- 31% of employees feel uninspired and unappreciated by their boss.
- 15% are bored, lonely and miserable.
- 42% say their boss doesn't work very hard.
- 20% indicate their boss has little or no integrity.
- 47% suggest their boss loses his or her cool under stress.
- 73% of those in their 20s and 30s say their health is at stake because of their relationship with their boss, and 40% of those 50 and older feel the same.
- Only 38% say their boss is great.

A toxic environment is deadly to success. And the problem is twofold. Productive employees will leave those toxic environments, taking their critical skills elsewhere. The less than productive employees will stay.

Gallup studies also uncovered three types of employees:

Non-engaged employees: 56% of the US workforce falls into this category. These employees are neutral to the company's initiatives. They are not positive or negative about their company. These people show up most of the time and do only what is expected of them. They may not be actively looking for another job, but would have no problem leaving if another job presented itself. There is no company loyalty with these employees. Many times, these individuals started with the company as engaged employees but their engagement has slipped over time. Non-engaged employees will not ask for extra work. They will only work the required hours, no overtime.

In order to re-engage these workers, their manager should have a real discussion with each employee privately. The manager should ask what they want out of their experience with the organization. Managers need to find out if they have any ambition or desire to be promoted. Also, giving them work they enjoy that highlights their skills will help the process.

Employee Turnover

Engaged Employees: These workers are the bright spots in the organization. A successful company with outstanding performance numbers is made up primarily of highly engaged employees. Engaged employees make up an average of 29% of the workforce. These people bring excitement, productivity and creativity to the office environment. Many times their attitudes can be contagious to the non-engaged employees. Leaders should be careful not to squelch their enthusiasm. Leaders shouldn't ignore them by thinking they don't need as much attention because they bring their own motivation. Engaged employees need pats on the back and encouragement just as much as the non-engaged employees. Spending some time motivating them will keep their enthusiasm high. Give this group the opportunity to stretch their talents and skills, which will instill even more confidence. To have an engaged employee base, leaders must first have an organization that fosters trust in management, fair compensation and a positive company outlook.

Actively disengaged employees: 15% of the US workforce falls into this category. These employees are the most detrimental to the morale and success of the organization. These workers are extremely unhappy and they don't mind expressing their unhappiness openly in the office. Other employees may describe them as saboteurs or non-workers. If placed on a team project, they will place most of the work on their team members. If a company has too many disengaged employees, the leaders will need to make some immediate personnel changes. These individuals can bring down the organization with their sour faces and openly toxic words against the company.

Actively disengaged employees will voice their complaints on their manager or company. Leaders should attempt to re-engage these employees by listening to the problems the employee is having. Although leaders do not want to encourage dissension among their staff, the disengaged employees may have some valid points. Their complaints may lead to some process improvements that will enhance the entire organization.

Of the three, the actively disengaged employees create the most damage. Do you know where your employees stand? Can you identify the difference? Are you paying as much attention to the engaged employees as you should, or are you taking more time than you have and trying to manage the actively disengaged employees?

Increase the number of engaged employees and profits will increase. What better reason do leaders have to focus critical resources on hiring, training and developing exceptional employees and reducing employee turnover?

Employee Turnover

How to Overcome this Challenge:

Challenge Exercise #1:

Start by articulating your philosophy about this critical aspect of your business.

- How do you want them to feel every day when they come to work?
- What do you want them to believe in?
- What do you want them to know about your company?
- How do you want them to treat each other?
- How do you want them to treat customers?

If you haven't created the core values that drive organizational behavior, make this a priority. Employees need to know what they can and can't do, and the core values help them make decisions that line up with your own beliefs.

- How will you communicate the above to the employees in your organization?
- How will you reinforce employee commitment to the above?
- How will you address employees who challenge the above?

Challenge Exercise #2:

Explore your management philosophy and how managing is defined, evaluated and improved in your company on a regular basis.

- Do you take the time to help your managers understand what you expect from them?
- How well do they connect with their staff?
- How do you know if your employees respect their manager?
- Are managers getting the best out of each person?
- How do you track a manager's performance?

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Employee Turnover

- Are managers taking the time to set clear expectations for each employee and then managing to those expectations?
- Do you have a management development program in place?
- If the answer is yes, is it effective?
- How do you identify employees to be enrolled in the management development program?
- Is it updated regularly?
- If the answer is no, begin the process by asking your managers what they need. Solicit input from employees who report to these managers to help you find out what they are looking for in a good manager.
- Do you have a strong relationship with each of your managers? While the CEO has to continually keep the larger picture in front of him/her and plan for a company's expansion, he/she can't afford to take his/her eye off how well each manager is doing the job they were hired to do.

The Challenge:
Hiring Quality Staff

The Challenge Defined:

Of course organizations want to hire quality people. The challenge is figuring out what makes a quality person. A perfect fit for one company, as it relates to an employee, may not work for another company. So what constitutes a quality hire? And how do the leaders go about making quality hires?

The cost of hiring the wrong individual can be at least three times the individual's annual compensation. Taking the time to hire correctly is truly an investment in the future success of the company. The secret to making the right hire has everything to do with having clearly defined expectations for each position and the hiring tools and processes that help hiring managers effectively screen candidates.

Companies that hire well have:

- A clear mission
- A clear vision
- A clear purpose
- Core values
- Defined position requirements

Here is a three-step hiring process. The value in this process is the involvement of critical stakeholders - people who will have direct involvement with the position - thus creating buy-in regarding the need for the position and the type of person the stakeholders believe can successfully fill this position.

Step One: Develop specifications for the position

The leader should identify the position's stakeholders. These are individuals who have a direct interest in the position; understand the position intimately; who manage or directly report to the position; or who have done or currently are performing well in the position. The stakeholders will meet in a brainstorming session to determine the key accountabilities for the position. The key accountabilities should focus on the five to six main results (big picture) for which the position is responsible. The stakeholders will also complete a job assessment, which will identify the communication style, motivational rewards, personal skills and/or acumen required for superior performance in this position.

Step Two: Create the job description

The leaders should use the key accountabilities and job assessment results to further clarify the finer details of the position. Ensure the position's areas of responsibility have been clarified, including recurring duties and areas of accountability. When employees understand what is and is not required of their position, companies will get a much higher level of performance just from this communicated expectation. The job description should consider the desired experience, skill sets and previous education required. The job description should also include a description of the working environment, expected travel time, recurring meetings, etc.

Hiring Quality Staff

The job description should be as detailed as possible, and it should be used during the on-boarding process to outline what will be expected from the employee; the tasks, training courses and additional responsibilities he/she will be expected to perform. Be sure to also review the performance metrics of the position to ensure they include the key accountabilities and other details identified in the job description.

Step Three: Review the current hiring process

Once the key accountabilities and job description are complete, the leaders should review the entire hiring process and consider the process from beginning to end.

- How does a department identify the need and get approval for hiring a new employee?
- How and where does the job get advertised?
- How do you source for qualified candidates?
- How do you analyze resumes?
- How do you decide which applicants get interviewed?
- What does your interview process look like? Do you have a defined interview evaluation system?
- Who conducts the first and second interviews?
- How do you decide which applicants move forward for second interviews, reference checks or background checks?
- How do you decide which candidate receives a job-offer?

Having a well thought out and documented hiring process for each position in the company will allow for ease in hiring new employees. Every person involved in the hiring process will understand what's required from this position.

Hiring Quality Staff

Critical Questions:

- Does the company have clearly identified roles and responsibilities?
- Does the company have a well-defined hiring approach?
- Does the company recognize quality in the people they are hiring?
- How do you define what makes an exceptional employee?

Why this Challenge Must be Resolved:

The hiring process is just one aspect of a comprehensive human resources program. Recruiting, hiring, training, developing, performance management and firing are all critical processes, and without a full and complete program just hiring exceptional people doesn't ensure they will be productive or that they will stay.

People are a company's greatest asset. Without great employees there is no business. Don't allow this very important aspect of growing the business to become a last minute exercise where decisions are based on just getting someone in the door versus taking the time to create an intentional approach to getting the right people in the right seats.

As a part of the leader's profit plan, he/she should be anticipating hiring needs at least 12 - 18 months into the future. A company with a strategic growth plan in place will be able to identify the skills and experience it needs on board to get where it wants to go. The company will have aggressively created a salary plan that ensures it will be able to afford the talent it requires.

As part of their human resources program, CEOs will also want to consider the systems to utilize. There are many different types of human resource information systems (HRIS) and applicant tracking systems (ATS) that could make the HR and OD department much more effective and streamlined. As leaders clarify and expand on their hiring process, they should consider whether they want to use their already existing HRIS or if they should consider implementing one for future growth.

Hiring Quality Staff

How to Overcome this Challenge:

Challenge Exercise #1:

How would you describe your ideal employee?

Define your organizational culture and what it means for an employee to fit in.

There are many facets that will determine if an individual will be a good hire for your organization. Not only will the employee need to be able to perform the responsibilities of the position, he/she will need to fit into the organization's culture and get along with all co-workers.

While fit may seem an intangible concept to define, if you can articulate the concepts below, you will begin to see these traits in your applicants. Consider your organization's:

- Mission
- Vision
- Purpose
- Core Values

No matter what system you put in place to help you hire people, you need to understand what your ideal employee looks like for each position.

Challenge Exercise #2:

Define and revise your hiring process. Ensure that your process is documented and available to all hiring managers.

Consider the hiring process from beginning to end.

- How does a department identify and get approval for hiring a new employee?
- How and where does the job get advertised?
- How do you source for qualified candidates?
- How do you analyze resumes?
- How do you decide which applicants get interviewed?

Hiring Quality Staff

- What does your interview process look like? Do you have a defined interview evaluation system?
- Who conducts the first and second interviews?
- How do you decide which applicants move forward for second interviews, reference checks or background checks?
- How do you decide which candidate receives a job-offer?

Challenge Exercise #3:

As open positions become available in your organization, follow the process above to clearly define the position and what is required for superior performance.

1. Identify the position to be filled.
2. Identify the position stakeholders.
3. Conduct a brainstorming session to determine key accountabilities (five to six big pictures results for which the position is responsible).
4. Stakeholders complete a job assessment to define behaviors, motivators, acumen and/or skills needed for superior performance of the job.
5. Review the job description.
6. Start the hiring process.

The value in using this exercise when creating positions and hiring people is to uncover critical issues and biases people bring to the table. It's best to get these out in the open during the position creation process instead of the hiring process.

Staff Morale

The Challenge:
Staff Morale

The Challenge Defined:

Nothing will disrupt performance, productivity and profitability quicker than poor staff morale. People who are unhappy have checked out. In fact, according to a recent poll by Gallup Inc., 71% of employees are actively disengaged and 53% are just plain unhappy!

> An example was in a large company when a manager left unexpectedly. The person immediately below that manager was asked to step in and assume that manager's responsibilities. The employee recognized this opportunity to further show the organization her abilities, so she jumped into the new position with a lot of enthusiasm, new ideas and a desire to please. The hiring manager assured the employee she would be compensated for stepping into a new position. Three months later that employee still had not been compensated for her work.
>
> This is a huge corporation where this employee's skills are in short supply. Guess what the attitude of that employee is today? It's disengaged. She feels they took advantage of her. She is looking for another place to land. She is angry.

The majority of issues with employee morale and staff voltage are created by inept leaders, managers who are not doing the job they were hired to do: Manage and lead.

A wide range of elements contribute to the voltage in an organization. Think of voltage as the sum total of all that impacts the spirit of an organization. The next time a leader walks around the company, he/she should listen and observe. Are people happy? Do they catch the leader's eye and say hello? Are they eager to talk with the CEO? Is there laughter? Are there interactions, small groups meeting and employees having animated conversations? Does the leader know people by name? How does the environment look? Are people proud of their work areas?

Voltage is one of the most important predictive performance barometers a company can use in managing the work community. When the staff starts to own the voltage of the company, when they see the impact it has on productivity, a subtle shift happens in the organization.

Voltage very often starts with the staff being given an opportunity to express their feelings and perceptions about the company in some form of survey or assessment. While getting staff feedback can be uncomfortable for leadership, it's a critical component in creating a culture where employees feel valued, listened to and respected.

Staff morale and staff voltage are the responsibility of every manager in an organization, and that responsibility starts with the leader of the company.

Staff Morale

Critical Questions:

- How are employees recognized for their contributions?
- What is your employee performance management plan?
- Are managers conducting one-on-ones with each direct report?
- How does the company help employees feel empowered to make critical decisions that involve customers?

Why this Challenge Must be Resolved:

The reality is that most people spend more time interacting with people in their work environment than they do with their family. That makes the success of a work community a high priority for any business leader. Numbers and studies now support the belief that when people feel good about their job, about their manager and about the work itself, they are more productive. More productive employees means better results - higher margins, better performance and a positive impact on customers.

Unhappy or disengaged employees have a negative impact on every aspect of your business. Exceptional employees dislike working with them and also question the reason management keeps these employees on staff. Customers will come into contact with a disengaged employee at some time, and they will remember that encounter longer than they will remember an encounter with an exceptional employee.

By being proactive in creating a culture where employees feel valued; where employees know their ideas count; where employees feel empowered to make decisions that contribute to the well-being of the organization - a business leader is allowing the company the opportunity to not just survive but thrive.

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Staff Morale

How to Overcome this Challenge:

Challenge Exercise #1:

To help maintain strong staff morale and staff voltage, leadership should explore the following concepts on a regular basis:

Employee Contributions:

- How are employees recognized for their contributions?
- Set up monthly company meetings to share stories of success, ideas for improvements and customer experiences. Make sure to put effort into making these meetings enjoyable.
- What changes would you like to make to improve your staff voltage?
- Have you considered some form of an internal employee recognition program?
- Have you asked for feedback from your employees regarding what they would prefer in terms of employee recognition and initiatives to boost staff voltage?
- Does the company regularly do an anonymous employee survey?

  - If the answer is yes, are results followed up on and shared with employees?

  - If the answer is no, begin the process.

Performance Management Planning:

- What is your program?
- Do employees have input as to how it is created?
- For which key indicators are employees held accountable?
- Do they know the outcomes of their activities?

Challenge Exercise #2:

Are managers conducting one-on-ones with each direct report? These one-on-ones should be focused on more than the day-to-day functions of the employee's job. While task management is important, to boost staff voltage managers must show an interest in their staff members that goes beyond their job functions. Have managers ask these three questions:

1. What did you accomplish last week that you are proud of?
2. What would you like to learn next week that will help you?
3. How can I help?

Staff Morale

Challenge Exercise #3:

How can you help employees to feel empowered to make critical decisions that involve customers?

Ask: Do they have the right resources at their fingertips, i.e. financial information so they know how far they can go to make things right?

It may be best to ask the employees directly what information would help them do their jobs better, as many times leaders are unaware of certain employee needs.

Are there opportunities for employees to share their knowledge with others? Examples can include:

- Schedule and organize cross-team brainstorming meetings.
- Presentations at company meetings that highlight what people do.
- Company-wide knowledge networks to share knowledge/information/expertise between departments.

Are managers rewarded for employee retention - are managers given resources to provide meaningful thank you's for jobs well done?

Has the organization quantified how employee retention can add to a company's bottom line?

Flexible Planning

The Challenge: Flexible Planning

The Challenge Defined:

A critical component of running a successful business is creating a dynamic method of planning that is accessible to the entire organization that allows contribution and strategic authoring by the entire staff.

Consider the world of a watchmaker and a beekeeper.

> The beekeeper operates in a world of constant change and chaos. He facilitates rather than controls the health of 125,000 bees living and working out of 55 white, three-foot-high wooden hives.
>
> The beekeeper can only foster an environment that supports the bees to produce honey. In reality, the hive is an intelligent, self-organizing, adaptive organism able to adjust and innovate solutions to meet the challenges encountered during the natural course of events in nature. If the hive were to be dropped and broken into pieces, the bees would very likely relocate their home base and start anew on the business of making honey.
>
> The watchmaker, on the other hand, works in a much different world - a world of precision and control. Every piece of a watch is machined to within 100ths of an inch. The watches are all finely calibrated and constructed under rigid manufacturing processes.
>
> The watchmaker controls the assembly of these precision watches and controls the business in a similar manner. If the watch were to be accidentally dropped onto a concrete floor, it would likely break into numerous pieces and stop working until someone or some outside force came along to repair it.
>
> While the watch gives the appearance of being a highly tuned instrument, it will never find a solution on its own, and it can't adapt to conditions foreign to its design.
>
> Beekeepers have a natural facility to work with the sisters of growth, complexity and chaos. Beekeepers are more likely to let the intelligence of the team or hive be the operator of themselves. The beekeepers' businesses will continually self-organize around problems and challenges.

In the challenging world of an entrepreneur, creating a culture of involvement, a culture of self-regulation where each person has a voice and plans are fluid and intentionally authored by the entire staff, will improve the company's ability to grow.

In addressing this challenge, it's critical that a business leader takes the time to answer critical questions. What is the company's plan for growth? Does he/she want it to become a $50 million dollar business with 400 employees or does he/she want to service a small segment of the industry and stay a 25-person company?

The ability to be flexible has everything to do with making a plan and recognizing that plans change. However, without a plan, the company is in a constant state of chaos. With a plan a business leader can evaluate how the plan is working and where it's not working, to intentionally make changes.

Flexible Planning

Critical Questions:

- Does the company understand how they plan to grow?
- Do you have a six-month short-term plan, especially if you are in crisis mode?
- Does the company evaluate its strategic planning concepts regularly and make adjustments?
- Is there a feedback loop to identify improvements in processes?

Why this Challenge Must be Resolved:

The reality for too many business leaders is they grow in spite of themselves. They allow the tail to wag the dog and end up in reactive mode year after year. While many businesses follow this path, the toll is heavy. Employees feel the pain and many will leave, opting for an environment that is more stable. Business leaders burnout as it becomes increasingly difficult to balance work demands with family demands.

Planning is critical.

Creating a flexible planning model for a business is more about tapping into the intelligence of the organization and getting the benefit of many voices versus one person creating a plan and then forcing people to go along with it. The process used to plan must be inclusive in order for employees to buy-in and commit to helping those plans come to life.

Flexible Planning

How to Overcome this Challenge:

Challenge Exercise #1:

Are you clear on what your vision and mission are? Are they still relevant? If not, update both.

If you don't have a vision or mission, this work starts with the CEO. Once the CEO has a draft, it's perfectly fine to get input from a leadership team or, in smaller organizations, key employees. A vision helps motivate a team to know where they are going. A mission defines how they will deliver their product or service to help make that vision a reality.

Is there a process where each person has the ability to create his/her own future as it impacts the bigger picture? What does/should that process look like?

Do employees have the opportunity to share ideas, voice opinions and be a part of the planning process? What are some ways to encourage more employee feedback/participation?

Challenge Exercise #2:

Here are three mechanisms that can be put in place to help generate dialogue and ideas on how the company is doing. Each mechanism provides a business leader with opportunities to tap into the intelligence of the organization and address issues as they arise.

One-on-one: This is a weekly 30-minute dialogue between managers and direct reports. It is designed to break down the barriers that exist between managers and employees. Three questions should be asked each week:

1. What did you accomplish last week that you are proud of?
2. What would you like to learn next week to improve?
3. What can I do to help?

Growth circles: This is where employees from different divisions meet regularly in a round table discussion to share ideas. The CEO, with the help of managers, should have discussion topics available. Circles are selected by the CEO and changed regularly. Each group has a scribe, and all ideas are captured and submitted. Management reviews all ideas monthly and gets back to employees on issues that will be addressed and why others may or may not be addressed at a later time.

Monthly staff meetings: These meetings should be run by someone other than the CEO/leader to encourage employees to take a larger, visible role in the organization. The CEO/leader should select which employee will run what meeting and ask that employee to provide the agenda. The CEO/leader will still run many of these meetings. The goal is for each staff member to bring his/her own content to the meetings, which give employees different perspectives and new areas of focus.

These are just a few of the ways that a company can make sure that they are continuously addressing the ever-changing dynamics of their organization.

Challenge Exercise #3:

Flexible Planning

The organization should have regular strategic planning sessions. It is recommended to have an initial strategic planning session at the end of the current business year, with quarterly update meetings to ensure initiatives are being met and that other challenges have not occurred unnoticed. There should also be another formal mid-year strategic planning session to recalibrate the rest of the year's plans and to continue to look into the years ahead.

- What does your current strategic planning system look like?
- How can you make improvements to ensure your organization maintains/improves its flexible planning model?

Staff Buy In

The Challenge:
Staff Buy In

The Challenge Defined:

Has the CEO articulated the company vision, knows what the organizational mission is, and created and shared with employees what the company's core values are?

When a company is just getting started or is ramping up for growth (Stages 1 and 2 in the Growth Curve) there is a huge amount of energy created by the excitement of starting something new. The people on the team at these early stages of growth were selected based on their belief in the CEO.

They were energized by the CEO's vision of the product or service. Not many processes or procedures were in place. Everyone simply pitched in and did whatever it took to get a product out the door and deliver outstanding customer service. The company in these two early stages of growth is CEO-centric. It is the business leader's passion, vision and energy that keeps the company on a path for growth.

By the time a company has grown to over 20 employees, the dynamics have changed dramatically. The company has to shift to enterprise-centric, allowing processes to take the place of figuring things out as they go. People must have roles and responsibilities so they understand their value. For a business leader who has been in total control of every decision, who has been the go-to person for almost everything, to suddenly have to start delegating and letting go of some of that control is extremely challenging.

As a company moves beyond that business leader's span of control, communications become harder, especially if systems aren't in place that help drive how work gets done. The job of the CEO now becomes one of managing the people and setting a clear picture of the future.

The ability of the CEO to refocus the company on what they are there to do and recognize the shift from the company being CEO-focused to enterprise-focused is critical. A study by Bain and Company indicated the organizations that have clearly defined vision and mission statements that are aligned with a strategic plan outperform those who do not.

Staff Buy In

Critical Questions:

- Is there a strong vision and mission written down?
- Have core values been identified?
- Does the leadership of the company "walk the talk?"
- Are managers conducting regular one-on-ones with their direct reports?
- Do employees have a say in how problems get solved?

Why this Challenge Must be Resolved:

Little changes are noticed first. People tend to trip over each other because responsibilities haven't been clearly defined. This causes a slowdown in productivity - felt first by the customers who start to complain about a lack of follow through, missed deadlines or budgets being blown.

The more experienced staff that have been hired will tend to be viewed suspiciously by the people who have been with the leader since the beginning. The difference is that the leaders are now starting to hire people based on a set of skills that are needed in order to address the growing specialization to which the company must adapt, in order to remain competitive.

The ability for everyone to do everything is long past. Those new hires bring experience, training and expose the need for procedures and processes to be put in place. People, who have grown up in the chaotic, more family-like atmosphere, will resist these changes. Staff buy-in begins to break down when those experienced employees demand more structure, more responsibility, more authority and the business leader isn't ready to give all that up just yet.

Employees who were hired for their skills don't feel they are allowed to use those skills. Or they feel that the lack of planning and seemingly weak processes makes it hard for them to buy-in to what the company stands for or where the company is going.

The vision that the CEO brought to those early employees may have shifted based on the reality of the market or the reality of customer need. This is a critical time for the CEO to revisit the vision of the company and, even more importantly, help the staff understand their mission and why they are there.

Staff Buy In

How to Overcome this Challenge:

Challenge Exercise #1:

Revisit your vision, mission and core values. If they are not clearly defined, or if they no longer resonate with the organization, revise them.

A vision statement answers the question of "Why are we here?" It communicates both the purpose and future of the organization. It should inspire employees to give their best and shape their understanding of why the company does what it does. The vision should remain intact regardless of market changes, as it speaks to what the organization represents, not just what it does.

Our vision statement is:

A mission statement answers the question of "What do we do?" It talks about how you will get to where you want to be. It defines the primary objectives of the company and refers to the present leading to the future. It should list the broad goals for the organization. It is more changeable than the vision, as the mission is aimed at the shorter term, big-picture objective of the organization.

Our mission statement is:

Core values are the few essential tenets that are non-negotiable within the organization. They should be timeless and unchanging and help to define the culture of the organization. They should define what drives employee priorities and how they should act in the organization. They should drive the intent and direction for the organizational plans.

Our core values are:

- How do you plan to communicate your mission, vision and core values to your staff?
- What will the benefits be once every employee understands these concepts?
- How can you encourage staff to provide feedback about the mission, vision and core values?
- How can you encourage staff to walk the talk of the mission, vision and core values?

Challenge Exercise #2:

As the CEO, take time to meet individually with each employee in your growing company. Find out what makes him/her tick.

- Ask why they like working for the company.
- Ask them how they feel about the work you are doing.
- Ask them what opportunities they see for themselves at your company.
- Ask them what changes they would make to keep the company the kind of company they want to work for.

Talk; really talk to each and every employee.

Staff Buy In

Listen and listen well, for in the dialogue with you at this opportune moment, you will gain valuable knowledge that will serve you well today and into the future.

After you have listened to what their aspirations, concerns, dreams, and ideas are, it's your turn.

- Tell them what worries you.
- Tell them what makes you proud.
- Tell them the changes you feel the company will have to make to remain successful.
- Give them your vision, talk about the mission and restate your core values.

Let them know you don't have all the answers and that you are doing your best to adapt to the changes facing the company today as well as in the foreseeable future.

If you want to garner staff buy-in from the people whom you believe can help you build a successful company, take the time and do this exercise - today. Don't wait thinking there will be a better time. There won't be.

If you are a larger entity, conduct this same exercise having your managers meet and ask these same questions. Then have those managers report their results in a management team meeting.

Help your managers learn the power of listening and creating staff buy-in by being transparent and authentic.

Project Management

The Challenge:
Project Management

The Challenge Defined:

This challenge of setting in place processes that help leaders run their company more effectively is tied to hiring professional managers or making sure that people promoted to management are trained on the skills it takes to become effective. Growing businesses need managers who know what effective processes look like, how to manage them, how to improve them and how to get work done through people.

As a company grows it's important to review each critical process to see if those processes still provide value. It's also important to recognize that there comes a point when the company outgrows the ability of the CEO to keep his/her fingers in all aspects of the company. The leader can no longer count on being able to catch problems before they occur; can no longer count on being able to make all the decisions. The company has outgrown the ability of any one person to manage it, and processes must become the leader's best friend as the company grows.

There are more people - there are more projects - there are more clients - there is more complexity - there must be more processes. When the company had 20 employees, allocating resources to a project was easy. As the company grows, the lack of processes that helps the company be efficient has leadership throwing people at problems. Overhead ramps up, and if the leaders aren't paying attention, profitability will begin to erode.

It's time to think about which processes are critical for where the company is in its stage of growth. This is challenging because a business leader tends to live in this world every day. The leader continues to simply run the company and without too much intentional thinking about what resources are needed, why they are needed, how to apply them and what is the best way to implement those resources, the business could start to break down.

Engage each member of the staff in a discussion about what processes are working and which ones aren't. Put names to those processes so everyone has an anchor to reference. For instance, the process of landing new clients has everything to do with the sales process. What is it? Is it effective? Are there key indicators in place to tell when it is or isn't effective?

The entire aspect of recruiting, hiring, training, developing and firing people is all about what the company's human resources processes look like. Have they been identified? Do your leaders know what the HR process looks like? If the CEO left tomorrow, or turned the operations over to someone new, would the leader be able to find what the HR processes are? How about financial processes? Marketing processes? Production processes?

Project Management

Critical Questions:

- Are processes captured, written down and reviewed regularly?
- Are these processes being followed?
- If processes are in place, are they working?
- Has the company identified key success indicators, and are they being tracked and measured?
- Is there a project management template?

Why this Challenge Must be Resolved:

Efficiencies mean better profits. The sooner a business puts critical processes in place and trains people on the use of those systems, the more money that company is able to make. When processes are in place, people feel confident that the activity they are performing will yield the same results as it did before. When processes are missing, people lose that confidence, inefficiencies create tension and the entire company can feel like it's stretching a rubber band waiting for it to break.

Staff morale and better bottom line results are great reasons to get focused on what processes the company needs in order to succeed.

Project Management

How to Overcome this Challenge:

Challenge Exercise #1:

Start by taking an objective assessment of the processes you have in place today. Think in terms of what helps move the company forward.

For instance, are you clear about your process for collecting payables and paying receivables? This is just a part of a financial system that should be in place.

When a project lands, a product is sold or a service contract is written, what steps are in place to ensure this process is repeatable? How effective is it? This could be a part of a sales system that should be in place.

Step back and really think about the processes that exist in your company today and get every single person involved in helping you identify them.

- Financial processes:
- Sales processes:
- HR processes:
- Marketing processes:
- Operations processes:
- Production processes:
- Customer service processes:
- Additional processes:

Test the systems and processes and change them if they aren't helping you meet your goals.

- How can you identify processes that work?
- How do you know what isn't working and why?
- How do you determine who should be involved in creating or revising processes?
- How can you encourage people to speak up about processes that need to be updated or improved?

Are you, the CEO, willing to let go of processes that no longer work and create new ones that do?

A self-organizing enterprise is born as the result of a transformation that happens when an enterprise stops running like a machine and begins growing like an intelligent living thing.

Communication Gap

The Challenge:
Communication Gap

The Challenge Defined:

The leadership/staff communication gap creeps up on leaders overnight. In the early stages of growth, it's very easy for the leader to communicate often and effectively with all employees. In fact, people often refer to their companies in early growth stages as a family. It's easy to bring in lunch when people are working hard, take people out to dinner to celebrate a win and reward employees subjectively when profits allow. When problems arise (employee problems as well as customer problems), it's easier to identify those issues quickly and deal with them right away.

As a company grows, the dynamics shift. The leader starts to bring in more experienced people. The people that were with the leader from the beginning can feel threatened by new, more experienced people. The family atmosphere begins to erode because the leader must demand and put in place systems, expectations and profit goals to keep this new and much more complex organization on track.

A company that is growing can no longer rely on the historical mental data banks of trusted employees. Processes have to be captured into manuals and into systems. It becomes necessary to create performance plans to be able to reward employees with pay increases - the days of dropping $500 on a dinner as an incentive pay plan doesn't cut it anymore.

The leadership/staff communication gap grows because communications are harder. Information has to be shared, and it has to be consistent, easy to access and easy to update. Managers are put in place and employees that have been there the longest may no longer have direct access to the leader.

How do you know if there is a leadership/staff communication gap in your company? Look for these symptoms:

- Responsibility is abdicated instead of intentionally distributed leaving people wondering what their job duties are.
- Conflict runs rampant.
- People argue instead of collaborate.
- Good people leave.
- People don't have a sense of how their work impacts the company.
- Communications are spotty or non-existent, leaving people to fill in the gaps.
- Power plays go unchecked.
- People aren't held accountable.
- Leaders play favorites.

Communication Gap

It's typical as a company grows beyond the leader's reach to see that work is being given out but there is really no supervision or support for how that works gets done. People are just expected to do the work, and when something goes wrong the leader looks back and says "My gosh, they didn't do a very good job," or "They didn't do it the way I would have done it."

While great strides are being made every day on management improvements, and companies are seeing the value in treating their employees with respect instead of as cogs in a wheel, the exacting nature of management requires that someone is the boss and someone is the employee. It immediately sets up an adversarial relationship. It's a constant battle to break down the barriers that exist between the manager and the employee, and the sooner the business leader recognizes this and takes proactive steps to minimize this reality, the more successful the company will be.

U.S. employees spend 9.2 hours a week (13 hours during the workweek and 6.2 hours on the weekend) worrying about what a boss says or does. This study, conducted by Lynn Taylor Consulting in 2010, shows the drain actions and words from a mean or incompetent boss can have on productivity and engagement. Huge problems can take a company down. Therefore, paying attention to this challenge isn't an option, it's a requirement.

This challenge happens simply because the company is bigger. Its processes are more complex, the leader has begun to hire more specialists who have specific experience, the new employees want to prove their value and the CEO may not have a lot of experience in the managing of employees. That's why this challenge is one of the hardest to eliminate. People don't just become good managers. Good managers are taught, and when a company is in its growth stages, stopping to train people on how to be good managers doesn't get a lot of prime time.

In reality the people are the business, and the tending and feeding of its people is what constitutes good management. The CEO of a growing company needs to become good at managing people. The leader needs to be good at this so he/she can teach the managers to do the same with their staff.

Communication Gap

Critical Questions:

- What are the company's vision and mission statements?
- What are the company's core values?
- How would you describe your intentional company communication plan?
- How is employee performance measured?
- Do managers conduct one-on-ones with direct reports weekly?

Why this Challenge Must be Resolved:

How does a leadership/staff communication gap impact an organization?

- Low productivity
- High incidents of gossip
- Lack of commitment
- Customer service mistakes
- Project scope creep
- High turnover
- Finger pointing
- Blame placing

The issue, in early stages of growth, becomes one of management, not something the CEO has had to do a lot of up to now. This is a new hat for the CEO, and it's a difficult hat to wear, especially if that leader has not had management responsibility before. Because many CEOs struggle with letting go of control, very quickly they start to lose the support of their staff. The staff, who are working very hard to exercise their own skills as they apply to their job and to flex their independence because they want the CEO to see that they are good at what they do, begin to lose respect and trust in that CEO.

Think about it. If a CEO has hired people based on their ability to do a specific job but they are constantly second-guessed, or worse belittled, when they don't do something the way the CEO perceives it should have been done, they will rebel. Or they will simply leave. A CEO can find himself/herself dealing with a staff rebellion. That CEO will start to get pushback when direction is provided; that CEO will start to see productivity lag; that CEO will experience higher than normal staff turnover. These are all symptoms of a company that is experiencing a leadership/staff communication gap.

This gap widens if some critical changes aren't made quickly. Since employees are directed or managed by others, there can be a we/they attitude that exists, especially when leaders assert their authority over their staff. This dynamic is hard to manage, and it takes all of a CEO's ability to create a culture that rewards teamwork and collaboration, instead of control and power plays.

Communication Gap

It is a commonly known statistic that most employees leave a position or a company because of a bad manager. To keep employees, you want to foster great managers. The leadership/staff communication gap starts with the CEO. If that CEO is a good communicator; if that CEO believes in his/her people; if that CEO respects the activity of management as a priority and hires experienced managers and/or trains star performers to be excellent managers, the gap will close. Ignore the activity of management and this one can bring a company to its knees.

Communication Gap

How to Overcome this Challenge:

Challenge Exercise #1:

This exercise will, without a doubt, solve 90% of your leadership/staff communication gaps. It's called the one-on-one.

As a manager, you need to spend 30 minutes each week with each of your direct reports. The goal behind these meetings is to open up a dialogue between you and your employee. This is not a discussion about projects, not a discussion about what work is being done or not being done. This meeting is all about a manager connecting to an employee and an employee connecting to a manager on a level that creates a dialogue.

This process will break down the barriers that exist between managers and employees every time. Why? Because it's an opportunity for a manager to appear more human, and it's an opportunity for an employee to express his/her value.

Here's how it works:

The manager asks the employee three questions.

1. What did you accomplish last week that made you proud?
2. What would you like to accomplish next week in order to learn something new?
3. How can I help you?

As the manager in this situation, you have to roll this out carefully. Because most managers are only comfortable asking job/project related questions, asking these questions can be challenging and create fear at first.

But if a manager persists in getting employees to respond to these three questions, the relationship between that manager and that employee goes to another level.

The employee will also struggle at first answering these questions and the manager needs to be patient but persistent in holding the meeting and in asking the questions.

Managers do communicate with their employees. It's the quality of that communication that will make a difference in how employees view their contribution to the company. And if employees believe they are contributing value, your company will be more successful.

- How do your team members prefer to receive communication? What are their behavioral styles?
- How does this method of one-on-one meetings differ from your current method of meetings with staff?
- What are the benefits of implementing this exercise into your organization?
- How can we overcome any obstacles or pushback from the implementation of this exercise?
- As a manager how do you provide updates regarding organization/departmental initiatives?

Communication Gap

- How are staff members encouraged to provide feedback to leadership?

Challenge Exercise #2:

As the CEO of a company experiencing a leadership/staff communication gap, this would be an excellent time for you to look deeper into your own abilities and see if you need a tune up.

- How are your communication skills? Are you a good listener?
- How effective are you at your own self-assessment?
- Are you an emotionally intelligent leader?
- Have you evaluated your leadership style?
- Do you know how to let go in order to let your company grow?
- Are you holding onto methodologies that no longer work because you are comfortable with them?
- What have you recently let go?
- How would an anonymous organizational development survey help to identify opportunities for improvement and highlight strengths and weaknesses of your organization?

New Staff Orientation

The Challenge:
New Staff Orientation

The Challenge Defined:

Never downplay how difficult it is for new employees to become contributing members of the organization. Helping new employees get on board is much more challenging than most companies think it is. It's easy to take the attitude, "Well, they're on board, and making good money, now let's see how they do!"

The leaders might also take a lot of time training the new employee in his/her job and completely forget to introduce the culture of the organization. The leaders have to know that each and every employee hired comes to the table ready to blow their manager away. Usually it's the manager that deflates that enthusiasm. Make new staff orientation a commitment, not a just a process.

A company's staff is its greatest asset. A company may have nailed its hiring process and its training programs, but without a strong new staff orientation program all those efforts may be for naught. Here's why:

Once the leader hires someone, there is an expectation that he/she will be trained to do the job. There isn't normally a process that will help the new employee fit in, get acquainted, learn the ropes, understand the culture and know why the company is in business. Most new employees are more or less left on their own when it comes to those first critical weeks on a new job.

Having a new staff orientation program or company university where people have the chance to really learn about the company (it's history, what it does, how it does it, what it stands for, how employees work together, how to handle conflict, how the company makes money, how the company spends money, etc.) allows new hires to buy into the company and gives them a sense of the big picture.

Instead of a few introductions or a few lunches with peers, take the education about the company seriously for new employees. It is critical to success as the company continues to grow. Remember, people stay at a company because of the quality of their relationship with their manager. So having managers take a strong and visible role in new staff orientation is to the company's advantage. It's also important that the CEO plays a role in helping new employees understand what the company stands for - sharing company values, vision and mission and giving examples of situations that show how those key elements come into play.

Take this challenge very seriously.

New Staff Orientation

Critical Questions:

- What do new employees need to know?
- Is staff orientation budgeted for and updated regularly?
- Is the history of the company a part of orientation?
- Is the CEO a part of this program?
- Is there a well-defined plan to include critical training aspects for each job?
- Are all managers involved at some level?

Why this Challenge Must be Resolved:

The downside of not helping new employees fit in is high turnover. Employees that quickly become disengaged will lead to poor productivity and can erode profits.

Regardless of how big or small the company is, cliques form. A manager helping a new employee become comfortable and feel welcome has to create situations that allow interactions in a safe and controlled environment. Employees with the best intentions can be intimidating to a new staff member, talking about what they do, how well they do it and possibly sharing a few horror stories about projects gone wrong or unhappy customer stories. It is to everyone's advantage if a new employee has a buddy, possibly a peer, who has been given a standard approach to helping someone fit in.

Hiring a new employee is expensive. The hiring process is challenging. Leaders shouldn't let their guard down and feel the hard work is over just because someone accepts the job offer and joins the company. The difficult work has just begun!

New Staff Orientation

How to Overcome this Challenge:

Challenge Exercise #1:

Be intentional about creating a staff orientation program. Identify who will be the champion for its creation and ongoing maintenance. Create a rotating team that works on the critical elements of this program year-round.

- Our champion is:
- Our planning team members are:

Develop a well thought out new hire orientation program that starts prior to the first day of employment and lasts through the first several weeks (many organizations' new hire programs last 90 days or more). The plan should include a full overview of the position and what the employee will be responsible for, the key accountabilities of the position, as well as what is required for superior performance on the job.

The program should include any training and HR elements required for the job, but these should be just a portion or the new hire orientation system. In fact, it is recommended to have the new hire complete all HR paperwork and be provided with a copy of the employee handbook before the first day. By having the employee complete any HR documentation before the first day, and allowing him/her the opportunity to review the employee handbook before starting work, the organization will be able to immediately immerse the new hire in position-critical details.

On the first day, the manager should ask if the employee has any questions about the company's policies as described in the employee handbook and review key guidelines he/she needs to be aware of. When the employee comes into the office on the first day of work, his/her workstation should already be prepared, and the employee should be given a schedule of what the first few weeks will look like: training schedules, meet and greets, meetings, etc. Nothing will make an employee feel more welcomed than ensuring there is a workspace prepared, with all of the welcome materials laid out for review, including schedule, position overview, etc. Starting a new hire in a robust new hire orientation program will help ensure the new employee is more productive and engaged from day one.

The new hire orientation should include a thorough introduction to the company as a whole in addition to just being about the position itself.

- What is the history of the company?
- What are the core values?
- What is the company's vision and mission?
- What does the company do?
- Who are our customers?
- What problems do we solve for our customers?
- How are we organized to deliver our product or service?
- How do we make money?

New Staff Orientation

- How do we keep money?
- What is our management philosophy?
- What is our culture?
- How do we handle conflict?
- How do we ensure that we are listening to our employees, our customers and our vendors?
- How do we get work done?
- What does our future look like?

The orientation program should introduce new employees to key people in the company, including the CEO, their manager, their team members, employees from other departments that they may interact with, etc. It may also be helpful to identify a peer-mentor that can help them in all aspects of how the company works. Don't assume they will have the confidence to find answers for themselves in the beginning.

All managers should be held to high standards on employee retention.

- How do you hold managers accountable for the success of the new hires in your organization?
- What resources are budgeted to make sure staff orientation stays fresh?
- Are managers reporting on new hires progress weekly to the CEO?

Ask your current employees what would have helped them as they came on board.

By implementing an effective staff orientation program, you increase staff commitment and increase staff retention - two outcomes that will help a company be more profitable.

Staff Training

The Challenge: Staff Training

The Challenge Defined:

Does each department have its own budget with spending discretion? Do they understand gross margins, and how the company makes and keeps money? Is there an intentional training program in place for all employees that is focused on company goals? How much of the budget has been allocated to training? Training staff on company goals, company issues and company priorities is critical to success.

The story about the company is so important. Too many CEOs gloss over the history of the work that got the company to where it is today.

Here's a list to start with:

- The history of the company.
- The current culture of the company.
- What's likely coming around the corner for the company in the future?
- What issues need attention.
- The next best thing the company should do.

As mentioned, without a basis for understanding what the company does, why it does it, who it does it for and its growth strategy; any outside training the employees take part in ends up being simply about that employee getting to spend some money, take time off work and come back the next day and proceed as usual.

In addition to company history, it's important that the leaders help employees identify the skills they need to utilize as they perform their work. Skills can be taught; however, it is hard to actually describe the skill and what it entails. A skill is the ability, usually learned and acquired through training, to perform actions, which achieve a desired outcome. Skills are the learned capacity to carry out pre-determined results. Skills identify results and accomplishments.

There are a number of specific job skill sets that companies demand of their employees. It naturally depends upon the job, but categories include: technical, computer, communications, marketing, sales, financial, academic, research and planning, human relations, management/leadership, critical reasoning, and workplace survival (people) skills. The different positions throughout the organization each require a unique mix of skills required for superior performance.

Basic skills encompass a wide range of sub-skills, such as learning, listening, thinking, speaking and writing, which most people posses. A training program should help employees expand upon these basic skills as well as fine-tune the job related skills they already have.

The advantage of a staff training program and the work that goes into identifying skill sets required for each position and then training people is:

Staff Training

1. It helps identify areas of improvement an employee can be evaluated on in performance reviews.
2. It helps determine key indicators that can be tracked and measured.
3. It provides a solid position description when hiring new people.

Staff Training

Critical Questions:

- How much money is designated each year for training?
- Is there a plan that identifies what training courses are critical for each employee and why?
- Does it include skill training as well as training on critical aspects of the company?

Why this Challenge Must be Resolved:

There are many downsides to a company that doesn't take training seriously:

High turnover: When employees aren't trained properly they simply can't perform at their best. The business demands that processes are followed, and when they aren't, fingers get pointed at people more often than broken processes. This in turn leads to frustration with managers and employees. If not resolved, good people leave.

Inefficiencies: In a manufacturing environment this can lead to waste, improperly maintained equipment leading to overruns or safety issues and ultimately an impact on customers. In a service environment project scope gets confused or cloudy, projects can be executed poorly and projects could be delivered not to the satisfaction of the client.

Culture impact: In an environment where training is non-existent or poorly executed, it can erode a culture. When people see others getting by with poor skills with no consequences, morale is impacted. Soon people just don't see the need to go above and beyond and the entire company loses traction.

There is a financial impact to any of these issues. The reality is this: pay upfront for a solid, ongoing training program or pay later in the poor results that will come to pass.

Staff Training

How to Overcome this Challenge:

Challenge Exercise #1:

If your training budget is non-existent, fix it now to avoid major staff turnover later. Identify and prioritize the types of training needed throughout the organization in order to allocate the correct amount of training dollars.

- What training programs do we currently provide?
- What type of training programs should we be providing?

One of the first places to focus training is to spend time getting your employees to buy into what the company does. This training can and should be conducted internally by the CEO or a long-time leader. Help them understand:

- How the company solves customer's problems.
- How the employees' jobs contribute.
- What the company delivers.
- Why customers come to the company.
- The company's value proposition.
- How mistakes are dealt with.
- How changes occur in the company.

Once your employees understand the business of the business, and then work with them to help them advance their areas of expertise. Create training programs tailored to the specific requirements of the position.

There are three very effective training formats that every company should adopt in order to train and develop their staff.

Monthly Company-wide Staff Trainings: This is designed to give a high level view of what the company has accomplished, if they're on target, what issues are being addressed, where they did well, and where they can improve. This meeting should also address company wide specific initiatives as well as company history that is often referred to as tribal knowledge. Tribal knowledge is the type of information that long-term employees have learned or experienced but that may not be documented in any one location. The monthly staff training should be focused on the company as a whole and how the individual departments work together.

Team Trainings: To advance team collaboration and make sure work is getting done effectively, teams should meet weekly to talk about issues with projects that they learned from, client issues that need to be addressed and how to solve them in future, process concerns or updates and financial goals and scheduling or capacity issues.

Staff Training

One-on-One Trainings: These are the most personal training sessions between a manager and an employee. These should be scheduled regularly as well as conducted on an ad-hoc basis as needed. These sessions are very position specific and should focus on helping the employee become a superior performer in his/her position. Use the position's key accountabilities and position details in order to identify specific areas of focus.

Managers should also ask employees what type of training will help them perform better and not make assumptions. Don't assume everyone needs a time management course, or a conflict management course. Training should enhance an employee's self-confidence and help the company improve performance.

- How do managers identify the training needs of their staff?
- How do managers ensure that their staff gets the training that they need?

Urge managers to take the time to get to know each employee. If employees feel challenged in their work, and believe the company cares about their development, and they understand the value they bring to the company, great employees will be retained. Training has to do with all aspects of the business. Make sure training programs are focused on both the company's and position's success.

Unclear Values

The Challenge:
Unclear Values

The Challenge Defined:

Let's define core values. They are the company's essential and enduring tenets - a small set of general guiding principles, not to be confused with specific cultural or operating practices. It's what people believe, deep down in their fundamental belief system. Core values capture the unique personality of the company.

Normally, when a business starts, the leader acts a certain way with customers and sometimes talks about how important integrity, for example, is when hiring new people. In too many situations, a business leader starts the company, finds customers, hires people and before long, a real company is born. In the beginning stages of growth, there aren't a lot of people and the energy and presence of the leader is enough to fuel the company's growth.

As the company grows beyond the leader's span of control, there are too many people and they all can't feed off the CEO's energy anymore, nor can that CEO have direct contact with each employee. Soon unclear values can create huge disruptions in productivity, efficiencies and teamwork. A new start up company can hide from this issue, but if core values haven't been introduced into the company by the time it grows to 20 or more employees, a CEO will be inundated by behavior issues that can drive him/her to desire the days when the company was smaller and much more simple.

Core values help define the behaviors that are accepted and identify the behaviors that aren't accepted in a company. When the core values are unclear, employees struggle to know how to make decisions. When a business leader starts to delegate more responsibility and authority, well-defined core values are a must.

The responsibility to put in place core values lies with the CEO. If he/she wants to bring the management team into the discussion, fine, but the building of the foundation for the values that the company lives by must rest on the shoulders of the CEO. The articulation and the introduction of core values in any company, no matter the size, helps drive the behaviors of each and every employee.

Here are three steps to creating a values-centered company culture:

1. Align the vision, strategies and operating practices of the company with its unique culture and core values.

2. Design and manage key processes to ensure that the people who are hired, retained, promoted and highly compensated are those who embrace the company's culture and values.

3. Provide evidence that will promote belief in the central importance of company values. This evidence is made up of values-consistent practices and goals as well as company lore, posters, prizes, awards and other tangible reminders.

Unclear Values

Critical Questions:

- Have company values been articulated and defined?
- Are values incorporated into all aspects of the company, including processes and procedures?
- Does the CEO refer to the company's values often?
- Are employees recognized when they emulate the values of the company?

Why this Challenge Must be Resolved:

Clarity in how employees should behave can dramatically reduce employee performance issues. Of course, just creating a list of values and posting them on the lunchroom wall isn't effective. Once those values are created, a company has to walk the talk.

Outcomes from values that are embedded into a company's culture include:

Better decisions: Because values drive behaviors, employees know the meaning of those values. All they need to do is ask themselves: "If I make this decision, will I be in agreement with the company's values?" An employee may not make the same decision as the business leader, but as long as the decision lines up with the values, a business leader can rest easy that the outcome will be okay.

Better behaviors: When values are defined they clarify, to a large degree, what behaviors are desired and even more, what behaviors should be avoided. In defining, for example, the value of integrity, it is easy for a manager to explain to an employee why his/her behavior wasn't in line with the company's view of integrity.

Better performance: When employees are clear about how they need to behave, they can perform better. They don't have to question every decision or second-guess what and how they do things.

Improved culture: The outcome of the above all lead to a culture where employees are focused on doing the work that needs to be done in an atmosphere of support and collaboration.

Unclear Values

How to Overcome this Challenge:

Challenge Exercise #1:

Develop a culture based on your company's core values and define the behaviors you want people to embrace based on those values. A company's values - what it stands for, what its people believe in - are crucial to its competitive success. It's the ideas of a business that encourage employees to care, not some manager with authority. The values must support the mission and vision of the organization.

Values must be easily remembered. They should direct how people behave. Values help employees make better decisions. Values are driven first by what the business leader believes in.

- What are your core values?
- How can we better promote these core values throughout the organization?
- How can we recognize employees that demonstrate these core values?

The leaders should examine their own behaviors and management styles in relation to the behaviors that are consistent with the core values articulated by the company.

If you are in the early stages of growth, The CEO's values are the driving force in how the company will operate. If you are in the later stages of growth, make sure you have buy-in from your managers on what those values have evolved into. As you grow your business, those values have to resonate with your key players.

The failure to develop and incorporate core values in your company will cause confusion and hinder your organization's overall performance and growth.

Cost of Lost Expertise

The Challenge:
Cost of Lost Expertise

The Challenge Defined:

As the company grows and the complexity level increases as more employees are added, it's harder and harder for the employees to feel valued. It's more difficult for the CEO to personally interact with every single person in the organization. The CEO needs to be vigilant to staying on top of how managers are aligning employee performance to company goals. That's the difficult part.

The easy part is for the employees to disengage because they aren't feeling valued and decide there is a better opportunity someplace else. When the leader loses employees, whether they leave on their own or have to be let go, there can be disruption in services or product delivery. The high cost of losing key employees has long been recognized. The cost of lost expertise can cause a slowdown in how the company responds to customers, produces products or competes in their industry.

There are a number of costs incurred as a result of employee turnover. These costs are derived from a number of different sources, a few of which are listed below:

- Recruitment of replacements, including administrative expenses, advertising, screening and interviewing and services associated with selection, such as security checks, processing of references, etc.
- Administrative hiring costs.
- Lost productivity associated with the interim period before a replacement can be placed on the job.
- Lost productivity due to the time required for a new worker to get up to speed on the job.
- Lost productivity associated with the time that co-workers must spend away from their work to help a new worker.
- Costs of training, including supervisory and co-worker time spent in formal training, as well as the time that the worker in training must spend off the job.
- Cost of severance packages.
- Costs associated with the period prior to voluntary termination when workers tend to be less productive.
- In some cases costs associated with the communication of proprietary trade secrets, procedures and skills to competitive organizations.
- Public relations costs associated with having a large number of voluntary or involuntary terminations in the community spreading gossip about the organization.
- Increased unemployment insurance costs.

Cost of Lost Expertise

In order to actively participate in reducing costs associated with turnover, it's important to identify those factors over which the leaders have some control and initiate necessary changes to reduce turnover. While there are many studies that put a dollar to the cost of lost expertise, here's one calculation that is pretty straightforward.

The typical equation used to figure the replacement cost of an employee is three to five times the employee's salary. If it is a high level executive or a sales position that needs to be replaced, figure the replacement cost at the higher end of the spectrum.

Signing non-compete and non-disclosure agreements can help, but once employees have been trained and they become contributors to the bottom line, their loss is felt in all aspects of how the company operates. It's to every company's advantage to create and maintain processes that continue regardless of who is in charge. To do that, a company has to be vigilant in maintaining and updating those processes as well as ensuring that there is a depth of skills in all areas of the operation. If one person leaves, another should be able to take his/her place.

Cost of Lost Expertise

Critical Questions:

- What is the company's defined process for capturing intellectual capital?
- How do you identify processes and ensure they are followed?
- How is collaboration encouraged and rewarded?
- How are employees rewarded for new knowledge gained and shared?

Why this Challenge Must be Resolved:

Losing employees is disruptive. It's critical that a company thinks about what would happen if Larry, for example, the main technician for the equipment, leaves. This conversation is a critical exercise for management because it at least forces the team to be proactive. Is someone being trained on what Larry knows? What other critical aspects of the company operations would suffer if someone left?

It's also obvious that there could be a financial hit if someone left and because critical processes weren't in place, customer deadlines were impacted and the company lost customers. Leaders should consider now the expertise of each employee and how the company would operate if they were to lose any one of the current staff.

Cost of Lost Expertise

How to Overcome this Challenge:

Challenge Exercise #1:

In order to capture all intellectual knowledge that continues to grow and develop in all of your employees, you have to have a plan. Start with having you and your managers answer these critical questions:

- What type of critical information or expertise is not currently documented within each department?
- Are others being trained on what critical people in critical positions do?
- What would happen if you were to lose key or long-term employees in each of the departments?
- Are others are aware of these critical processes?
- How can you update or start to document this information and expertise?

This exercise should involve all employees in your company so they understand the purpose and goals of the company in regard to training. Without clarifying this approach, certain employees may become worried that they are being replaced, and in order to protect their jobs, withhold critical information.

Chaotic Periods

The Challenge:
Chaotic Periods

The Challenge Defined:

A CEO must:

- Love chaos.
- Be a good learner.
- Be able to put his/her ego aside.
- Be ready to learn from mistakes.
- Understand that the same mistake may be made more than once.

If the CEO is unable to comply with any of these statements, he/she may be better off working for someone else. That may not be what a leader wants to hear, but the reality of running a business is the business leader has to embrace chaos - especially in the early stages of growth. If the CEO tries to control that chaos, he/she will be miserable and will make everyone that works for the company miserable as well.

Remember, in the early stages of growth a company is still figuring itself out. What does it want to be when it grows up? What is it really good at? What does it offer that the market wants or needs? How can it solve a unique problem? What does it want to stand for? Why would people work for it? What does it value? What types of behaviors will it encourage? What kind of behaviors will it discourage?

This challenge has more to do with how a business leader thinks about the company than what is going on in the company. With fewer than 20 employees, the company is CEO-centric. It's all about the leader and his/her vision, energy and passion for the product or service. As the CEO brings people on board and the company starts to grow, he/she will need to help the staff understand the realities of running a business.

Many times employees that have worked for larger organizations join the company. They come from a well-defined culture with well-defined processes and well-defined roles and responsibilities. Employees joining a company that is in the early stages of growth need to be educated on their new world.

It's a world that is struggling to define roles, identify a target audience and refine and sometimes reinvent a product or service offering. This struggle may be what is causing the chaos people are feeling. By explaining to employees that open communication about what is effective and what isn't is critical, the leader will lessen the feeling that chaos brings. Chaos is unavoidable, but organizations can learn to minimize its impact and reduce the overall level of chaos.

This challenge can occur in companies that are more established as well. When it occurs in a later stage of growth, the CEO needs to look at how well managers are managing their divisions. Chaos can show up as gossip, lack of teamwork, selfish agendas, lack of setting expectations and then managing to those expectations. Left alone, these issues can foster disengaged employees and directly impact profitability, performance and productivity.

Chaotic Periods

How do the leaders define the feeling of chaos in the organization today? Leaders should take the time to talk about how employees are feeling.

Chaos comes when companies move from one stage of growth to another. The stages of growth model describes these as the Wind Tunnel and the Flood Zone.

- A Wind Tunnel is the transition zone that says a company can no longer hold (on to) methodologies that no longer work and it must embrace new ones that do. This alone can create chaos in an organization because change is difficult, so it's human nature to want things to stay the way they were. A Wind Tunnel reminds the CEO that things have to change in order for the company to grow.

- A Flood Zone is the transition zone that warns that the level of activity is increasing. There are more people, more processes, and more customers - in general employees will feel like they are drowning. This will again create chaos.

Chaotic Periods

Critical Questions:

- What is the company's vision?
- How well do people understand how their job fits into the overall vision?
- How is information communicated throughout the organization?
- What is the process to create the annual profit plan? (Budget)
- What is the company's value proposition?

Chaotic Periods

Why this Challenge Must be Resolved:

CEOs start businesses because they were very good at something. They felt they could do something better than others or they were just extremely good at something and wanted to help others. They knew there was a need in the market and set out to address it. The reason doesn't matter. There are as many reasons people start businesses, as there are businesses in this world.

The best way for a business leader to embrace chaos is to recognize the need for proof of the business concept. The CEO needs to test the product or service and to build rapport with potential clients so they will buy the product or service offering. To do that, the leader needs to become very good at understanding problems and needs to understand how what the company offers solves those problems.

Without that willingness to experiment, embracing the chaos that can occur when processes aren't defined and people's roles and responsibilities are still being created, chaos can create a huge obstacle to growth. Leaders should teach staff how to allow for mistakes in order to learn, and teach staff how to handle conflict while teaching the rewards that come with solving customers' problems.

A leader can't ignore chaos, and it can show up disguised as many things. A leader needs to be willing to accept, embrace, and work through chaos. If the company gets stuck too early on, on a certain way of doing business, if it thinks there is only one way to set up the product or service, or if the CEO assumes to know what his/her prospects want, the leader will lose traction early on, waste a lot of money, time and energy and will burn out.

The challenge that is referred to as chaotic periods usually never again raises its chaotic head in another stage of growth because once an organization learns this lesson, it can move on. If the company misses this lesson at an early stage of growth, it will allow that same chaos to drain profits, productivity and performance as it grows.

Chaotic Periods

How to Overcome this Challenge:

Challenge Exercise #1:

Don't be afraid to talk about successes and failures with your small and loyal team. People who join a company early on in its lifecycle do so because of one factor: you, the business leader. They get caught up in your vision, your passion and your energy and they want to be a part of that. In order to embrace this thing called chaos and learn to appreciate it, talk often to your team about how they feel the chaos.

Allow them to know you don't have all the answers, and let them help you find those answers. Communicate often, consistently and honestly. By talking about that chaos it will become a friend instead of a foe, and it will help you navigate to the next stage of growth.

As an entire company, in department meetings and in one-on-one meetings with managers, discuss the chaos and ways to best address these challenges:

- What does the organization want to become in the future?
- Where does the company really excel?
- What does the company offer that the market wants or needs?
- Why would people work for the company?
- What are the company's values?
- What types of behaviors are encouraged?
- What kind of behaviors are discouraged?
- Why are we experiencing the type of chaos we have today?
- Why is it a good thing to have chaos?
- What can we do to minimize the impact the chaos has on us?

Growth Plans

The Challenge: Growth Plans

The Challenge Defined:

This challenge will create more obstacles to growth than any other challenge as the CEO continues to grow his/her business. Clarity of purpose and a deep understanding of what the company does should be a part of the leader's message to employees as often as possible. Confusion or uncertainty may exist among employees as to exactly what the company does, what it delivers, to whom and why. Clear it up now!

Here are a couple of questions CEOs should ask their managers. These are also questions managers can ask their staff:

- Can you describe our core competencies?
- What business are we in?

CEOs may be shocked when people respond by listing what they do for the company. The leader may be further shocked to realize that the main reason the company is in business is lost on most employees.

Leaders need to make it a point to tap into the intelligence of the organization on a regular basis. Find out how employees view the company, the leadership of the company, its customer service, its products, the culture, the core values, and the leader's vision.

Why? Because there is a lot of knowledge inside the head of each employee, and if leaders are not tapping into it regularly, why have them?

Yes, the leader needs employees to run the company, but if the CEO is only looking at them as cogs in a wheel instead of valuable assets that can be used to make better decisions, anticipate clients' needs, and be proactive in marketing products or services, and then the leaders are not taking full advantage of their employees' talents. There are many outcomes when a company consistently finds out what employees think about different aspects of the company and shares results so employees can see changes occur based on their input.

1. Employees become more open to giving their opinions.
2. Employees become better observers of what the company is doing well and what it struggles with.
3. Employees gain a better understanding of what it really takes to run a successful company.
4. Everyone hears first hand what the issues are, based on an objective system of gathering data.

Leaders should not assume that just because they know something, their employees know it as well. Don't assume managers are taking the critical messages back to their teams and sharing that information with their employees.

Growth Plans

Leaders should take the time to also explain what the company's current stage of growth is and what typical issues a company of this size experiences. Explain the challenges. Describe the Wind Tunnel and the Flood Zone. Let them know what the CEO's top leadership style should be and what he/she is doing to be better at adapting to that style. The value of understanding their company's growth curve is that it provides a language of growth that will resonate with employees because it takes the fear out of growing.

Growth Plans

Critical Questions:

- Can you describe your company's growth plan?
- How do you communicate that plan to employees?
- How often has the company conducted a company health survey to ascertain how employees feel about the company?
- What mechanisms are in place to help the CEO communicate on a regular basis the goals and challenges of the company?

Why this Challenge Must be Resolved:

The CEO of a company lives in the world he/she created every day. The leader knows exactly what he/she is doing and why. The CEO has discussions with himself/herself all the time about how well things are going or where the problems are or what can be done better.

If the CEO spends more time sharing these thoughts with employees and tapping into their perspectives, communication improves. When employees feel that their input is important and that they are listened to, they stay engaged. More importantly they see how their job fits into the overall goals of the company. The leaders can't assume employees know how the company will grow.

The CEO needs to be prepared to answer questions such as:

- How big are we going to get?
- Can't we just stay this size?
- Do we have to take on more work?

The impact of growth hits employees hard. The leaders need to help them understand the 'why' of growth in order to help them embrace growth as positive and not something to be feared.

Growth Plans

How to Overcome this Challenge:

Challenge Exercise #1:

You have to be intentional about communicating your growth plans. Here are a couple of ideas to think about:

- Make sure the CEO is talking to all employees at least once a month - and have a specific message to send.

- Will the CEO do this at company staff meetings? Attend individual department meetings? Meet individually with all team members?

- Have a specific message or messages managers take back with them to their meetings that highlight critical information to be shared - and make sure the message is consistent. Solicit feedback from the managers regarding how the information was received and any comments or questions that came up.
- Devise a company health survey that taps into the intelligence of employees and then follow through on that information.
- Find consistent opportunities to share growth stories and experiences with your staff. Have people talk about their involvement in an activity that led to growth.
- Make growth conversations the norm and see how quickly employees embrace the goals of the company. Use the suggested one-on-one format where you ask three questions:

- What did you accomplish last week that made you proud?

- What would you like to learn next week that will help you?

- How can I help?

Staff Satisfaction

The Challenge:
Staff Satisfaction

The Challenge Defined:

It's critical that employees understand how their jobs impact the company. Employees want to bring value to their company. They work very hard to prove to their managers that they are valuable. There is nothing that makes an employee feel better than when he/she can look at something he/she has done and know that it brought money or profit into the company.

It should be the goal of every company to help employees understand which of their activities lie within the company's profit zone - that zone where those activities contribute to the company's ability to make money. Activities that are outside the profit zone waste the company's money. So the question the leader needs to ask is: Do employees know what their profit zone activities are?

Not many companies take the time to explain profitability to employees. There are three myths that continue to stop business leaders from taking the time to educate staff on this critical concept:

1. Employees have little interest in how their company makes money.

2. Profitability can't be taught to employees who don't understand a financial statement.

3. If employees knew how much money a company made, they would demand more money.

While sharing financials with employees has its risks, the upside of having an entire organization focused on how the company makes and keeps money can be seen in companies that practice a concept called open book management. Even if complete open book management is not for the organization, there are still financial indicators that can be shared with employees to help them understand how the company makes and keeps money.

When employees know how their jobs drive profit, when they start to understand that the sooner a project gets billed that activity has a positive impact on cash flow, and when they begin the process of learning how much it takes to run a company, profits improve. The impact of staff satisfaction on profitability impacts how customers perceive the organization, and the easier it is for clients to work with customer service. When clients simply enjoy interacting with the staff, the impact is felt in how much money they will spend with the company.

It is difficult to overestimate the impact of employee attitudes on the satisfaction levels of customers. While positive employee attitudes and customer treatment may not be enough to fully overcome problems with product or internal systems, it can reduce the damage that product/systems' problems cause to customer satisfaction. If products and systems are performing to customer expectations, happy employees are in a position to dazzle customers by treating them with respect, courtesy and warmth.

Staff Satisfaction

The link between employee attitude and customer satisfaction can be seen both in quantitative studies and in everyday life. Think back to the last negative experience you had with a person who was servicing you. How did this make you feel? Have you found yourself making a mental note to not return to that place of business where you were mistreated? At the very least, you probably will not recommend an organization whose employees have mistreated you. On the other side of the coin, you probably can recall positive, memorable experiences you have had as a customer that caused you to return to a place of business and/or recommend it to a friend.

Staff satisfaction is critical to the company's success and should never be taken for granted. Leaders shouldn't make assumptions about how employees feel about the company and their impact. Ask, and do it often.

Staff Satisfaction

Critical Questions:

- What financial tools does the company use to help make better decisions?
- How are employees taught how their jobs impact profitability?
- Is there a belief that happy people = happy profits?
- What is emotional intelligence, and what role does it play in employee satisfaction?
- How are employees empowered to impact customer satisfaction?

Why this Challenge Must be Resolved:

When employees understand how the company makes money, they start asking better questions, they start paying attention to how time is billed and they recognize the impact of making smarter buying decisions. It doesn't happen overnight, and this process has to be intentional and well managed.

There are now proven studies that show a direct correlation between employees who like what they are doing and an increase in company profits. It isn't just a good idea to create an environment that people appreciate and work to keep its competitive edge.

According to a Gallup poll, 53% of employees are unhappy. By improving the work environment, business leaders increase productivity, performance and profitability. Change how employees view their world, help them see how what they do every day helps keep the doors open, customers satisfied and profits increasing.

Staff Satisfaction

How to Overcome this Challenge:

Challenge Exercise #1:

It's a much quicker connection for a sales person to see how what he/she does everyday impacts the company's revenue. However, while top line revenue is critical, understanding how much it takes to run a profitable business every day must also be a part of that education.

Start with small steps. You don't have to open up your books. Begin to educate your staff on the realities of running a profitable business. Schedule time in each department to discuss:

- What does the company sell?
- Where does it make the most money?
- What does it cost to keep the doors open every day?
- How is customer satisfaction tied to profitability?

If you have a receptionist; an accounts payable clerk, or someone that manages your IT, help him/her link job-based activities with how the company makes money. All employees must understand that they have an important and direct impact on the profitability of the organization. If you can help your employees understand how they impact your bottom line, they will feel empowered and valued!

Challenge Exercise #2:

Show the direct correlation between customer satisfaction and staff satisfaction. Survey customers and find out why they like doing business with your company. Are there ways to connect individual contributions in the organization to customer satisfaction? Customer surveys can be done online, by phone, by mail and in-person.

- Ensure the results are shared throughout the organization.
- Have discussions regarding why they have the current level of customer satisfaction.
- Ask what could be done to improve customer satisfaction.

Challenge Exercise #3:

Does your organization believe happy people = happy profits?

How do you support employee satisfaction in your organization?

What type of employee satisfaction programs could you implement to improve staff satisfaction?

Events can be as simple as team contests, potluck lunches, company-wide games, team outings, employee recognition programs, etc.

If there is a level of frustration or fear within the organization, how would you describe the level of emotional intelligence throughout the organization? How can you improve the internal climate?

Resistant to Change

The Challenge:
Resistant to Change

The Challenge Defined:

A company that resists change doesn't understand what the vision is and the role each person plays in helping the company reach that vision.

When people resist change, most of the time it's due to fear of the unknown. Therefore, it is in the interest of every CEO to make sure that there is a strong communication plan in place. A communication plan is simply a way of intentionally determining what needs to be communicated, to whom, when, how often and in what format. This challenge can be extremely detrimental to the success of a company, but it's also one of the easiest challenges to overcome.

Easy that is, if the CEO is willing to take more time in communicating to the entire company what he/she is doing, thinking and yes, what he/she is feeling. CEOs should err on the side of giving out more information than they think anyone will care about than trying to second-guess what they think people want to know. The impact of change in the mind of CEOs is much different than change seen through the eyes of the people that work for them.

There is a hidden agent that impacts each stage of growth, and it's known as the Builder/Protector Ratio. Where builders love risk, aren't afraid of change, seek out opportunity, and are always looking for the next challenge, there are also protectors. Protectors are risk averse, they are suspicious of growth and are not at all comfortable with change. A leader needs both of them to help run a successful business.

If the CEO takes on a more protector-like presence when change is taking place in the company, he/she will send a wave of fear throughout the organization that will have people shutting down. The CEO's role is an agent of change because change is essential for growth. Leaders always need to be more builder-like and confident in how they approach change. They just need to be extremely good at managing the expectations from that growth which will make the change easier to swallow.

Creating a plan to manage change and getting all employees involved in building that plan will take the fear out of change and show employees that change is manageable. Helping develop a culture that isn't resistant to change requires a CEO to be intentional in communicating all aspects of what the company is going through, while being willing to share not only the good things about that change but the challenges and the obstacles that change will create.

Resistant to Change

Critical Questions:

- Is there a builder-like mindset in alignment with the protector-like mindset?
- Do managers meet one-on-one with direct reports weekly?
- Does the CEO address the company once a month to share insight?
- Do employees feel comfortable bringing up different views?

Why this Challenge Must be Resolved:

The world is changing. Some economists predict that we will never go back to the economic baseline we were operating at before the great recession. Expectations have to change. Perceptions of growth have to adapt to the new economy. Downsizing, reengineering, outsourcing, and re-strategizing - these activities may become the new norm.

Companies must create a culture that embraces change, not as a reaction to something, but as a business objective; a business strategy similar to planning for revenue growth. A plan for change must become a part of every manager's performance planning process. Employees should expect things to change and become a part of that change process.

By creating a change mindset as a part of the culture, CEOs can reduce the downside of change. This can help minimize the uncertainty of change that creates fear that erodes a company's ability to stay ahead of competitors.

Resistant to Change

How to Overcome this Challenge:

Challenge #1 Exercise

First, identify what is happening. What change is occurring? Too often management simply decides on change and proceeds without identifying what that change is. Communicating what is changing, and why, is the job of the CEO. The highly visible role of the CEO in talking about the change and supporting the activities that surround that change is critical. High-quality leadership, not just excellent management, must drive change.

- What change is occurring?
- Why is it changing?
- What is the benefit of the change?

Second, get everyone's involvement on how the team will be impacted by the new process, the new office, the product line, the new organizational chart, etc.

- How should we communicate the change?
- How do we solicit feedback regarding the change?

Third, deal with any resistance in a proactive and positive manner. If you are experiencing resistance to a change initiative, or find that people are less productive, it is possible they are unwilling to embrace new ideas and there is a high incident of rumors floating around. Start talking!

Challenge #2 Exercise

There are many books written about the impact of change. Most of them present a plan. The authors encourage openness and transparency in explaining what is going to happen.

This is not a time to have a lot of closed-door sessions. It's not a good time to hole up in your office. As the CEO you have to create a vision for the future and communicate how the company will make that future a reality.

- What is the company's vision?
- How will you, the CEO, ensure change is productive in your organization?

Start by communicating your thoughts, ideas and vision to your management team and/or your key employees. Find out how they feel about what's going on. In a culture that is resisting change, it's critical that people have a chance to share their opinions, to talk things out and not be afraid to voice their concerns.

- How will you, the CEO, solicit feedback from the leaders and key employees in the organization?

Resistant to Change

Listen. Open up lines of communication. Be very intentional about what messages are distributed to the entire company. Know what you want the outcome of those communications to be. Don't leave anything to chance or make assumptions about what people are thinking. Ask. Find opportunities to have more, not fewer, company meetings where you outline how the company is doing and what the challenges are. Be real.

Don't be afraid to say what is going well. Celebrate victories and let people know when they are doing something well!

Market Change

The Challenge:
Market Change

The Challenge Defined:

It's easy to become complacent about customers. As a company grows, it's quite possible to lose sight of why its customers are loyal. At some point in the growth of a company, the focus shifts from the customer to simply running the organization. The operation requires a lot of management and staying focused on the right things at the right time is difficult.

Growth can hide a variety of problems. One day a leader may look around and that customer he/she had for five years is gone.

- When did that happen?
- Why did they leave?

The company's solid competitive position in the marketplace now has many more players; causing the company to reduce costs just to break even, not make a profit. When companies grow, it's difficult to recapture the entrepreneurial spirit that they had when they were a much more small and nimble company.

Identifying new opportunities, fostering exploration, developing action plans and assigning the necessary resources to manifest those plans is the new paradigm. It's because the company is bigger. The company has been doing things a certain way, and change is difficult. To stay on top of the market and to stay viable with customers, the leaders have to make this a priority.

The CEO's approach needs to be an intentional modeling of the company's future, and it must happen on a regular basis, challenging all assumptions and challenging the management team to think differently. To get a handle on this challenge, there has to be a customer-centric mindset in the company. Each and every employee must recognize and work toward creating solutions that solve customer problems.

By being proactive in identifying problems ahead of the customer, a company can be ready for marketplace shifts as well as customer shifts. The questions a CEO should be asking his/her staff on a regular basis include the following:

- Who is our customer today?
- Is our customer different today than yesterday?
- Will that customer be different in 24 months?
- What are our customers' challenges?
- What do they need help with?
- Are we solving their problems?
- What is our own customer charter?

Market Change

- How do we handle customer complaints?
- When we have the chance to interact with a customer, what does that experience look like?

Market Change

Critical Questions:

- Does the company challenge all assumptions regularly about products/services, customers and solutions?
- Is there an intentional approach to customer reconnaissance?
- Has the company maintained a flexible approach to change?
- Are systems designed to meet the needs of the customer, not just the company?

Why this Challenge Must be Resolved:

Too many companies look at their business as a series of obstacles and problems that need fixing. This is a systematic approach that looks at parts and how to correct them with a specific solution. This is known as the problem approach, and it's how 80-95% of companies are run today.

CEOs that can model the future of their company allow the company to see into its future. Staying ahead of the marketplace requires the ability of the leadership of the company to treat this issue as a priority, not an interruption. Encouraging employees to ask questions of their customers and engage them at levels beyond simple customer service will allow a CEO to tackle this challenge and create a culture that doesn't just talk about the customer - it's a culture that says our customers are our business.

Market Change

How to Overcome this Challenge:

Challenge Exercise #1:

Challenge all assumptions you have about your business every six months. Brainstorm what assumptions you are currently making - they can often times go unnoticed, assumptions are often hidden until the leaders intentionally identify and challenge them.

- What assumptions are being made about the business?

Encourage your managers to bring information to meetings and talk about how the industry is changing and what is being done in the company to stay ahead of that change. The managers should be regularly meeting with their staff and asking what news they are hearing about the marketplace.

- How do you track competitive information at your organization?
- How does your organization stay abreast of industry trends?

Take the time to evaluate just what your customer-centric culture really looks like. Do you walk the talk when it comes to being innovative and really listening to what the customer needs?

- How do you know what your customers need?
- How do you adapt to the customers' changing needs?

Challenge every single employee in your company to be on the lookout for customer success opportunities - opportunities for employees to identify how they helped that customer succeed.

Reward behavior that supports this culture, and think about developing a customer charter that provides the entire company with a roadmap to follow when it comes to repeatable and sustainable customer service.

- What should we include in our customer charter?
- How do we reward employees for providing productive feedback for improving the organization?

Anticipating Problems

The Challenge:
Anticipating Problems

The Challenge Defined:

Larger is harder, and as a company adds complexity, it's easier for problems to simmer underneath the radar and create cracks in its armor. Staying alert, not allowing mediocrity to set in, and paying attention to the little things (never assume the vision and values are safe), will help CEOs continually stay ahead of the tidal waves that can sink their ships. In order to help a company's ability to forecast problem areas before they surface, there are several critical areas of focus for a CEO.

Creating a 12-month profit plan (budget) gives the CEO the full year at a glance providing him/her with critical information that can tell where the most money is made; how well sales are tracking; where the most money is spent; and when the next employee can be hired.

Profit and loss statements are important but tend to give a rear-view picture of what just happened. Cash flow management, profit plans and tracking key indicators will give leaders that forward-looking view.

Staying ahead of critical issues is easier when leaders have engaged their entire staff in helping uncover those issues. When employee retention is low, if the company is losing people it didn't want to lose, it is constantly losing knowledge that is critical to its well being. It's important to make sure that managers are proactively creating a dialogue with their direct reports, breaking down the barriers that exist between people in charge and people not in charge.

Do managers set expectations and manage to those expectations? Are managers trained in conflict resolution practices? Are they having the hard conversations with employees if needed? Helping managers understand the need to keep exceptional employees and having the right formula for that strategy is critical.

A business leader needs to model how effective creating open dialogue with direct reports can be. The ability of any manager to create rapport, listen, understand and provide direction will increase substantially when that manager has cemented the relationship with his/her direct reports. The three questions that help break down barriers are as follows:

- What did you accomplish last week that made you proud?
- What would you like to learn next week that will make you better at your job?
- How can I help?

This approach creates a different type of relationship between a manager and an employee.

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Anticipating Problems

Critical Questions:

- Does the company operate from a profit plan?
- Do managers get rewarded for employee retention?
- Does the CEO meet one-on-one weekly with all direct reports to create a dialogue and encourage active and critical feedback?
- Does the leadership style of the CEO encourage difficult conversations that uncover the real issues?

Why this Challenge Must be Resolved:

When a company operates on a daily, reactive basis it takes a toll on people. By putting in place processes and procedures that help people think, plan and stay ahead, a business leader creates an environment that motivates people to succeed and enjoy what they do.

Understanding the stage of growth that the company is currently in can also help a business leader address the right issues at the right time. While it is difficult to actually predict the future, a proactive plan can at least provide the opportunity to explore problems and literally get ahead of them. Successful businesses take the time and engage their entire staff in opening dialogue to see what is and ask what can be.

Anticipating Problems

How to Overcome this Challenge:

Challenge Exercise #1:

If organizations do not intentionally create plans for the future, identifying problems or obstacles is almost impossible. It is true that organizations must remain nimble and be able to adapt to changes in the marketplace; however, it is possible to create plans that are flexible and that can be updated as needed.

- What is your company's 12-month financial plan?
- What is your company's 12-month operations/sales/marketing plan?
- Are there other types of plans that you should be creating?
- How do you communicate these plans to your staff?
- How do you revisit plans throughout the year to ensure adjustments are made and milestones are being met?

Challenge Exercise #2:

Begin the process of having managers meet weekly one-on-one with direct reports. The steps include:

1. Introduce the concept to each direct report.

2. Select a day and time that is consistent and try not to allow work issues to cancel these sessions.

3. In the first meeting, explain the goals of these meetings. This will require the manager to be very transparent. The objective is to help the employee gain confidence in sharing critical information and the manager in tuning into the needs of the employee.

4. Talk about the three questions. These questions may seem awkward at first, and there is a tendency to not ask the same three questions each week. Stick with it. Every week you are challenging the employee to talk about things he/she is proud of; every week you are asking him/her to think about things he/she can learn that will make him/her more successful; every week you are letting him/her know you want to help.

5. After three to four meetings, the employee will be ready to discuss those three questions - you won't have to ask. And the depth of conversation that occurs after those questions are dealt with will begin to uncover areas of concern, allowing problems to be dealt with sooner.

Problem Diagnosis

The Challenge:
Problem Diagnosis

The Challenge Defined:

Don't assume CEOs know what their problems are. Don't assume their employees don't. Ask. Create dialogue. Business leaders should open themselves up to hear the good, the bad and the ugly.

This challenge has more to do with the leadership of a company than it first appears, because too often CEOs assume they know their problems. When someone brings issues to the table that don't align with their assumptions, they tend to discount those issues.

It's important that the company identifies key success indicators and tracks them consistently. Let real facts and figures tell the leaders what the problems are. Take the subjectivity out of diagnosing problems and avoid the emotional pain of trying to figure them out on the fly.

Tools that can help include:

- Monthly company and team staff meetings
- One-on-ones
- Profit planning
- Cash flow management
- Anonymous organizational development surveys
- Unifying events for employees

As the complexity of an organization increases, it becomes even more important that the leader has a handle on the health of the company. Financial statements only supply the information to examine what just happened.

Problem Diagnosis

Critical Questions:

- Can the company articulate and define its problems?
- Are we intentional in our willingness to uncover problems?
- Does the CEO encourage dialogue around difficult issues?
- Is the CEO open to advice from outside sources?

Why this Challenge Must be Resolved:

CEOs seldom get the entire picture. Employees are guarded in how they deal with their managers. Assumptions are made all over the place.

Employees observe the behaviors of their managers when issues or problems are brought to the table. If managers are experienced and confident in their roles, those issues are embraced, welcomed and there is open dialogue around those issues.

If managers look at issues brought to their attention as a direct affront to how well they are managing their area of responsibility, their demeanor can shut down conversation. Employees stop bringing problems because they don't want to deal with anger or impatience from their managers.

The ability to diagnose the real problems or obstacles inhibiting growth starts with leadership's philosophy about how to effectively communicate and deal with challenges. Without the ability to create conversations that get to the heart of an issue promptly, a company can quickly become bogged down causing growth to become painful and impossible.

Problem Diagnosis

How to Overcome this Challenge:

Challenge Exercise # 1:

You need an instrument panel or dashboard that you can look at daily to help you make decisions based on pertinent and timely information. Sometimes these are called flash sheets or scorecards. It doesn't matter what you call it, it just matters that you are tracking critical and pertinent information in order to really get to the bottom of your obstacles to growth.

Key indicators take the emotion out of problems. They tell you the daily story of what is happening in the company. If that isn't happening, the leader and his/her team are flying blind, forcing the leader to go back to a trial and error mindset, pull in the authority and not utilize the competency of the experienced management staff.

The ability to involve every employee in identifying key indicators that help them determine when they are being successful or not, helps those issues become organizational challenges and the discussion to improve specific numbers is less personal. Using key indicators helps identify where the company is being successful, and more importantly, where problems might be surfacing.

Open up a dialogue around these key indicators. Start asking questions, and start challenging assumptions. This is how good decision-making starts.

- What are the key indicators that we track now?
- What additional key indicators should we track and report?
- Who needs to know about these key indicators?
- How should we provide this information to employees?

Challenge Exercise # 2:

Investigate the type of organizational communication going on in your company. It is imperative that leaders and employees have open lines of communication so that issues can be reported up or down throughout the organization productively, so that employees feel valued enough to supply honest feedback, and so that the leaders are open-minded and receptive to this feedback.

Discuss as a leadership team how your organization currently conducts:

- Monthly company and team staff meetings
- One-on-ones
- Profit planning
- Cash flow management
- Anonymous organizational development surveys
- Unifying events for employees

Problem Diagnosis

How can you be more productive during these interactions?

Identify areas that you as an organization struggle with and identify ways to overcome these issues.

New Product Development

The Challenge:
New Product Development

The Challenge Defined:

The issue of being slow at getting products or services ready for market becomes a survival issue for an early stage company and a profitability issue for companies in the later stages of growth. Regardless of the size of company, this challenge relates to three critical issues:

1. Employees don't understand the urgency of getting products or services to market
2. Broken processes or processes not being followed
3. A lack of training on critical processes

In the first issue, if employees don't understand the urgency of getting products or services to market, there is a lack of setting expectations. If an employee isn't working with a performance plan that outlines what is expected every week or every month, it's difficult to hold that employee accountable for work outputs.

In the next issue, are leaders evaluating how well their processes are working? Are quality control measures in place? Are processes being tested and are corrections being implemented? Are financial and operating systems in place to alert leaders when billing and processing issues arise?

The third issue plays a critical role in how quickly a company can get its products or services to market. How well are leaders training employees on the machines? On processes? Do employees have the right information to determine if run times are correct or if work orders are completed accurately? Are customer specifications captured in a timely manner and are necessary issues being examined before work begins?

This challenge could be interpreted as saying the company needs to move faster to get its products or services to market. However speed - moving faster - isn't always better.

A CEO must assert a strong presence or influence in the company because of how many moving parts there are and how easy it is for the company to become mired in its own belief system. Making sure that employees understand the company's larger vision is critical.

When employees buy into the company's performance standards and understand the financial and customer satisfaction goals behind the delivery of that product or service, it's easier to stay on top of this challenge.

New Product Development

Critical Questions:

- Are assumptions being made about how work processes get done?
- Do managers encourage employees to look for areas of improvement?
- Do all employees understand the bigger picture as to on-time delivery?
- How do you share successes?
- Is there a reward mechanism in place to encourage systems improvements?

Why this Challenge Must be Resolved:

Sometimes the sheer size of the operation will create logjams, causing the product or service offering to languish in development for too long. Those customers who helped get the company to where it is today will start questioning the leader's ability to service their account.

If the product development process isn't wired in efficiency, the company will lose its edge. If people in the organization aren't trained on how the operation runs, leaving them to figure it out as they go, the company will suffer. If the CEO isn't identifying new and unique opportunities to refresh value to his/her customers, the company will lose momentum.

Getting product out the door or, making sure services are delivered, has to be every employee's responsibility. This can only happen if the CEO sends a clear and consistent message that process improvements are a part of the culture and that uncovering problems is everyone's concern.

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New Product Development

How to Overcome this Challenge:

Challenge Exercise #1:

Create a team of cross-functional employees (a growth circle) to provide you with input on how well your processes that drive your products or services to market are working. Find out where slowdowns occur and where things are working well. Challenge your teams to come up with solutions.

Make sure you are investing in training programs for your employees and that they know what is expected of them from a performance level.

The management team needs to be visible. Ask questions about what's working and what isn't working. People want to see and interact with the CEO. They want to hear from you. They love having the chance to talk with you. Walk around. Talk with people. Find out what's on their minds.

Systems Development

The Challenge:
Systems Development

The Challenge Defined:

In order to make sure leaders know what systems and procedures are needed, the leader has to have a plan that outlines how the company is going to grow. This plan should answer questions like:

- Are you planning on expanding into other states or countries?
- How do you deliver your services from multiple locations?
- What skills will you need as the company grows?

There's a tendency when activity levels within a company increase tenfold for the leader to start throwing people at the activity. The irony is that when he/she does this he/she actually creates a more complex organization that is more difficult to manage. As a result of throwing people at the problem, the company ends up in another stage of growth before it is ready. The company struggles even more because the necessary systems to build a suitable infrastructure to handle this new level of complexity has not been created.

It's much easier to decide something is a people issue than to determine it's a process issue. If, for example, clients are complaining that it's taking too long to hear back from the company when they lodge a complaint, the leader may assume that the person in charge of customer service is at fault. The leader may think he/she should just hire another customer service person because that won't be as expensive as implementing a CRM system.

As with many other aspects of growing a successful business, the CEO needs a plan. The leader needs to know what systems are important for the company, and he/she won't know that unless he/she has run a similar company or looked for outside expertise or hired experienced managers who have the knowledge to at least understand the problem.

Systems Development

Critical Questions:

- What is the company's plan for growth?
- Are you making assumptions that systems and procedures work?
- How do you stop scattered thinking?
- Can employees describe what a good system or an effective procedure looks like?
- How are employees rewarded for improvements to processes?
- How does your culture encourage or discourage change and flexibility?

Why this Challenge Must be Resolved:

One of the rules for the stages of growth says that what doesn't get done in any stage of growth doesn't go away when moving to another stage. Ignoring the critical systems that will help improve profitability, performance and productivity will simply slow down the company's ability to grow.

When leaders think they don't have time, don't have the money, or don't have the people to create and then manage these systems, they are creating companies that react to problems instead of being proactive. When things are going well - when revenue is strong, customers are demanding products or services and work is abundant - companies can get away with being reactive.

But when times get tough, when outside forces like a downturn in the economy happen, the lack of systems and their reactive response can put companies into a downward spiral from which they may not recover.

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Systems Development

How to Overcome this Challenge:

Challenge Exercise #1:

- Think systems instead of people when you are dealing with growth issues.
- Explore what systems other organizations in your field use and why.
- Brainstorm what departments in your organization may benefit from new or improved system.
- Gather your employees together and begin exploring what's working and what isn't working.
- Challenge everyone in the company to discover problems that slow things down or that seem inefficient.
- If you have a culture that encourages people to speak their mind, jump right in. Ask for input. Ask for solutions.
- If you have a culture that hasn't encouraged people's input or people's input gets ignored or isn't solicited, you may have to take a step back and implement some procedures that show people you care about what they say.

Marketing Position

The Challenge:
Marketing Position

The Challenge Defined:

How does a leader's products or services stack up against the competitors'? Can the leadership team answer these basic questions?

- What products do we make the best margins on?
- Why are we better than our competition?

As companies grow and add layers of hierarchy and bureaucracy, it is harder to stay agile, to respond quickly to new opportunities. Decision-making is slower and the desire to gravitate toward safety can be overwhelming. When this begins to degrade their products or services in the marketplace, the leaders have to take action and they have to do it quickly and decisively.

The CEO should take his/her leaders through a SWOT exercise. This exercise identifies the strengths, weaknesses, opportunities and threats of the company. This should not be limited to just an annual exercise. It shouldn't be designated for only top executives. This exercise should take place in every corner of the company - allowing the people in the most critical areas of the company to participate and have their voices heard.

The market won't hold still for competitors who cannot keep up. Leaders should reward their employees for being innovative. The CEO should accept mistakes and be open to discussions that may make people uncomfortable. The leader should check in with top customers on a regular basis. There isn't anything the CEO can do today that will generate more response than personally visiting every customer that is considered crucial to the company's success.

This is the type of company culture and customer reconnaissance that will keep the company's products and services differentiated in the marketplace.

Marketing Position

Critical Questions:

- What is the company's growth strategy?
- How do your products/services solve your customers' problems?
- What are the company's strengths?
- What are the company's weaknesses?
- How do marketing, sales and product development integrate and effectively work together?

Why this Challenge Must be Resolved:

Customers can be fickle. They may not even need a reason to look at a competitor. With access to the Internet, it's easy for customers to find new options, gather information and make decisions that can affect their purchases without ever voicing a concern.

It's critical that a company has a proactive plan on product development and product differentiation and that this plan includes letting current customers know what the company is doing and how it can help them. The leader also has to challenge all assumptions about the company offerings, about customer relationships and about how the business solves problems. This proactive approach is the only way of making sure customers know the value the company delivers.

Marketing Position

How to Overcome this Challenge:

Challenge Exercise #1:

Take the time to revisit a SWOT and expand it to every single employee in your company. Each department should conduct its own SWOT analysis. Then the department head or elected employee should present the findings and participate in an organization wide SWOT analysis. The leaders should share the findings and next steps with the entire organization so the employees can see that they had a direct impact on the initiatives of the organization.

Challenge Exercise #2:

Get on a plane and visit the top 20% of your customer base that has made you successful. While in-person visits may not always be possible, the face-to-face interactions are invaluable. For those customers that you are unable to visit in-person, schedule a phone or videoconference. Create an open-ended agenda to discuss topics such as:

- How do they use your product/service to help them do what it is that they do?
- What works for them?
- What does not work?
- Are there features/benefits that competitors offer that entice them?
- Is there anything that they would like to get from us that would impact their business in a positive way?

Challenge Exercise #3:

Create growth circles of cross-functional team members to meet regularly to discuss organizational topics that go beyond day-to-day activities. The growth circles should consist of top performers from the various departments throughout the organization. A growth circle should be maintained for a minimum of 9-12 months in order for the group to build the trust, open communication and rapport required to facilitate the difficult conversations they will be challenged to discuss. Each meeting should host a different topic. A spokesperson from each growth circle should present their findings to the leadership team. The leadership team is then responsible for carrying out any action items and communicating the results and plans back to the growth circle teams and organization. Topics for the circles could include:

- How can we deliver our product/service better/faster/cheaper to our customer?
- How can we create better systems or processes to make everyone's job easier?
- Are there any competitors that we should keep on our radar and why?
- How do our current products/services help our customers do what they do?
- Are there products/services we should be offering to help our customers do what they do better?

Marketing Position

- Are there products/services that you currently offer that you shouldn't? Why? How can you discontinue that product/service without losing any customers or revenue?

The goal of the growth circles should be to encourage and reward innovation. As leaders:

- How do you encourage your employees to be more innovative?
- Can you encourage innovation more efficiently?
- How do you challenge the status quo and encourage uncomfortable discussions that can lead to new and better thinking?

Expanding Sales

The Challenge:
Expanding Sales

The Challenge Defined:

This challenge can impact any stage of growth, but it is most often a concern for an early stage of growth company or a company that is growing too quickly and finding that sales aren't keeping up with growth demands.

Too often a lack of sales can be the result of a lack of vision - a lack of commitment for success - a lack of future planning. Expanding sales starts with a clear vision of what problem the company solves and for whom.

Expanding sales starts with a belief that the product or service offered is so good, so much better than the competitors, which the leader is just dying to prove it to anyone who will buy what he/she offers. This means he/she stands by the product or service with exceptional customer service and quality guarantees.

Expanding sales as an early stage company is the main role of the business leader. The leader is the best promoter of what is offered and it's that passion and enthusiasm and the knowledge of the product or service that makes people buy from him/her in those early stages of developing the company.

In the later stages of growth, when the CEO has hired sales managers who manage sales teams, the leader will still have to be aware of what's working and what isn't working in sales. More importantly, in the later stages of growth he/she will need to make sure to know and connect with the top customers every quarter.

Successful companies are those companies whose CEOs have taken the time to immerse themselves in the problem solving aspects of their products or services and are able to articulate those problem solving aspects to potential customers. If CEOs can do this, they can teach others to do it.

The key to this challenge is to focus on the sales process. Focus on what it is being sold. Focus on how it will solve problems.

Next, leaders should find as many opportunities to shout about these wonderful attributes to the world. Website? Absolutely. But don't just think because you have built it they will come. If leaders expect the website to help drive sales, the website needs to be a sales-driven focus, not simply an online brochure that talks in vague terms about what the company does.

Is the leader a networker? Then he/she should go into networking with a plan. Select only those groups that are in the company's target audience and find contacts that can be built into relationships that will end up in sales. The CEO should be intentional about how he/she spends his/her time, exposing people to the product or service.

Of course leaders can't really generate sales without a solid marketing plan. So evaluate what the company's marketing mix is, identify marketing needs and fill them. CEOs don't have to spend thousands of dollars on a fancy marketing plan or hire expensive consultants. They do have to get clear about which marketing approach will drive the most sales to their business - short term and long term.

Expanding Sales

A company may have the best product or service in the world, but if the leaders haven't spent time thinking about how to get that message to the people who could buy that product or service, the company is not going anywhere fast.

More importantly, CEOs should spend time figuring out how their product or service solves their target audience's problems. Sometimes this is simply sitting and spending some quiet time clearly outlining the attributes of the product or service. This doesn't have to be costly or complicated. It just has to have the business leader's energy around it from the beginning.

Marketing can become very reactive. Sometimes success allows this to happen. Businesses fall complacent to, "The product was selling so well, we never had to put a marketing plan in place." If the company is having trouble expanding sales, check the marketing approach. Become very proactive in uncovering problems with prospects that the company's product or service helps solve.

Take the time to really talk to potential buyers and intentionally find out what their issues are as it relates to the company's area of expertise. To successfully improve sales, leaders have to know what pain their product or service is removing from their prospects' life and they can't and won't know that unless they are exploring critical questions with customers one-on-one.

Expanding Sales

Critical Questions:

- What is your company's lead generation process?
- What is the company's sales process?
- What problems do you solve for your customers?
- What is the company's value proposition?
- How does the CEO maintain relationships with top customers?
- What is the company-wide sales mentality?

Why this Challenge Must be Resolved:

Growth relies on a strong sales forecast. Forecasting sales isn't an option and this process must be a strong discipline in every company. Reacting to sales is a sure-fire way to run a company into the ground. While reacting to sales, a company loses sight of what problem they are solving. The company starts to take customers for granted. Processes are ignored.

When times are good, many issues around sales can be pushed aside because sales are up, revenues are up and life is good. This belief will collapse as soon as a small disruption occurs in sales. With no plan, no process in place and no long term forecasting driving the marketing plan, sales will evaporate overnight, and the company may be forced to close its doors.

Expanding Sales

How to Overcome this Challenge:

Challenge #1 Exercise

- What's your attitude about sales?
- Are you, the business leader, and a good sales person?
- What inaccurate or negative beliefs do you carry that might be influencing your attitude about sales?
- Do you know how to build rapport with a prospect?
- Are you a good listener?
- Do you ask good questions?
- Are you focused on the prospects and solving their issues, or do you just talk about your benefits and features?

If you need help with sales, get it. Don't assume you can take this most critical aspect of your company and wing it.

You will play a critical role in expanding sales throughout the existence of your company. Wouldn't you like to be the best you can be now? Won't your ability to recognize good salesmanship help you when you are ready to hire your first sales person?

If you have a sales force, make certain that you are the driving force behind their plans, their processes and their quotas.

Too often business leaders disconnect from sales believing someone with more experience can run this part of the business. From a skills point of view, that may be correct. From a knowledge point of view, the business leader can add valuable insight that should always be a part of a sales program.

Challenge Exercise #2:

Work with your staff to really understand what problems you are solving for your prospects and gear all interactions with those prospects to help them see you as the provider of their solution.

- Our value proposition for product/service A is:
- Our value proposition for product/service B is:
- Our value proposition for product/service C is:

Challenge Exercise #3:

Get your marketing messages developed early and do the homework with people who have actually bought your product or service and capture testimonials. Identify and articulate a sales process that can be replicated by anyone in the organization.

Expanding Sales

- Our marketing plan for product/service A is:
- Our marketing plan for product/service B is:
- Our marketing plan for product/service C is:

Ensure that you have marketing initiatives planned and scheduled at least six months in advance.

- Are there marketing avenues you have not tried before or should consider trying again? Social media, in-person events, print/radio/TV advertising?
- How can you improve your lead generation system?
- How can you ensure that more leads are turned into customers?

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Conclusion

Engaging in a conversation about the 27 Challenges is an excellent way to create a dialogue around issues without the CEO or leaders feeling attacked or feeling like they haven't previously addressed the right issues. By using this tool, the leader will effectively be able to create alignment within the management team about what the most critical issues are; create engagement by allowing people's concerns to be voiced in a safe environment; and because the exercise identifies issues quickly, the company can focus on what needs to be done, fostering a culture of implementation.

Being able to identify issues by name - to hone in on specific issues that are creating obstacles to the company's growth - helps the business leader efficiently and effectively improve a company's performance. The 27 Challenges help decipher the patterns, the behaviors and the characteristics of the company as it grows. More importantly, they help the leaders be proactive in understanding how to stay ahead of their growth curve.

What you can name you can measure, and what you can measure you can improve. By being able to put a language to critical issues such as a company culture that is resistant to change; difficulty diagnosing the real problems or obstacles to growth; and an organization that needs to understand how the company will grow, an organization can uncover past issues that may have been ignored as the company moved through an earlier stage of growth. It can examine current issues for where they are today while looking ahead, planning ahead and proactively addressing issues before they negatively impact the company's ability to grow.

The other advantage of understanding the company's specific challenges is to provide the leaders with a language of growth that will help every single employee understand critical issues that impact the entire organization. CEOs live in their world of business issues and problem solving and working to stay ahead of problems. For most employees, they can only see the impact on their own work situation. By helping employees put a name to the larger business issue, the leaders are helping them recognize that, what they do everyday can help solve that problem.

The leaders should use the information revealed during their X-Ray to continue to help the company grow and succeed. Solving some of the challenges may take more time than allocated for the X-Ray session. Make sure to follow through on initiatives and unresolved challenges. Successful growth will take intentional focus and effort.