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# MASTERING THE ROCKEFELLER HABITS

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## ACTION ITEMS

### 1. Books

- Titan
- The Balanced Scorecard
- Built to Last by Jim Collins
- Building Your Company's Vision by Jim Collins
- The Leadership Challenge by Jim Kouzes

## KEY CONCEPTS

## SUMMARY

## INTRODUCTION: "HOW TO" VERSUS THEORETICAL

- The keys to business and kids
  - Have a handful of rules
  - Repeat yourself a lot
  - Act consistently with those rules
- Companies
  - Priorities
    - Everyone have clarity about what you are trying to do?
- Data
  - Feedback on whether you are winning or losing?
- Rhythm
  - Maintain alignment and accountability
  - Until your people are mocking you :), you have not repeated yourself enough.
- Learned

- In planning, the “middle” is gone. Where do you plan to be 10 years from now and what do you plan to do in the next 90 days?
- Keep everything stupidly simple.
- The best data is first hand data. Staying in touch with the business.
- Jack Welch only had four #1 priorities the entire time he was at GE.

## 1: MASTERING GROWTH

*What CEOs of growing companies know that you don't--and how you can use it to build a powerhouse business*

- The three barriers to growth
  - The executive team to grow as leaders in their abilities to delegate and predict
  - The need for systems and structures to handle the complexity that comes with growth
  - The need to navigate the increasingly tricky market dynamics that mark arrival in a larger marketplace
- Gazelle Company: Grows 20% a year for four years in a row.
- Delegating to Others
  - 96% of all companies have less than 10 employees.
  - It is because they cannot delegate to grow.
- Systems and Structures
  - This is a logical response to complexity.
- Data drives prediction
- Meeting Rhythm
  - Keeps everyone informed, aligned, and accountable.
  - Daily Huddle
    - Celebrate progress
    - 15 Min. Executive Team
      - Top 5 Goals
      - Top 1 of 5
      - Identify Roadblocks
      - Report Numbers
  - 15 min department heads

- 15 min everybody
- Special huddle area where you have goals, priorities, core values.
- Barriers to Growth
  - Leadership
    - As goes the leadership team, goes the rest of the firm.
    - Must be able to predict. Must be able to delegate.
      - Successful delegation begins with choosing the right person.
      - Remember the rule: “One great person can replace three good people.”
      - Process
        - Pinpoint what they are to do
        - Measurement system for monitoring progress
        - Provide feedback
        - Give appropriately time recognition and reward.
  - Systems and Structures
    - Accountability charts/Org Chart
    - Work Process Charts
    - Almost Matrix
      - Relationships between organizational functions and the business units that form as the organization grows.
  - Market Dynamics
    - The market makes you look either smart or dumb.

## 2: MASTERING THE RIGHT PEOPLE DOING THE RIGHT THINGS RIGHT.

### *Optimize Your Human Capital!*

- The three decisions an executive must make:
  - Do we have the right people?
  - Are we doing the right things?
  - Are we doing those things right?
- The right people.
  - One great person can replace three good people.
  - The Container Store does it right.
    - They pay their people 50%-100% more than other typical retailers.

- 200 hours of training in the first year.
- The hire fewer people, the right people, give them lots of training and pay them well.
- Training and development increases loyalty.
- Write down names of 10 people that could help you find superstars and reach out to them tomorrow.
- Most important thing during the hiring process...does the candidate fit your culture?
- Also test for emotional maturity.
- For front line employees–have them work a day or two.  
For top hires, have them consult with you first.
- Right things right
  - Lead People
    - Customers
    - Reputation
      - Employees
      - Shareholders
  - Get, keep, grow
- Manage activities
  - Sell
  - Productivity
    - Make or buy
    - Keep good records
  - Better, faster, cheaper
- Accountability
  - Core values
  - Purpose
  - Targets
  - Goals
  - Action steps

## Right Things Right



- Schedule
- Putting the Model to Work
  - #1: Priorities
    - What is the priority for each quarter or cycle?
    - Don't pick more than one of the six initiatives up top.
    - Also have clarity on who is accountable for each circle up there.
  - #2: Data
    - You need metrics about all six areas of the firm.
  - #3: Rhythm
    - Meetings.

## 3: MASTERING A ONE-PAGE STRATEGIC PLAN

*Keeping it Simple Keeps it Clear!*

- To become and remain competitive, your organization needs three things:
  - A framework that identifies and supports your corporate strategy
  - A common language in which to express that strategy
  - A well-developed habit of using this framework to

## The Planning Pyramid: A Strategic Framework



continually evaluate your strategic process.

- The One Page Strategic Plan
  - Opportunities and Threats
  - Core Values
  - Purpose
    - What is our higher purpose?
    - Find out what drives the owner/CEO crazy, and you will start getting to the core values, purpose.
  - Targets/Sandbox
  - Brand Promise
  - Key Thrusts and Capabilities
    - 5-6 things that are going to help you dominate your sandbox.
  - Goals and Key Initiatives
  - Critical Numbers
  - Actions and Rocks
  - Theme, Scoreboard Design, and Celebration/Reward
  - Schedule: When will things happen? When will we check in?
  - Drive all measurements down to weekly increments.

- Don't wordsmith this document--1% vision, 99% about alignment.

## 4: MASTERING THE USE OF CORE VALUES

Use core values to parent a great company!

- Have a few rules and repeat yourself a lot.
- How to get core values?
  - Get a representative group of employees or managers from across the company, or the senior management team.
  - Imagine martians are trying to understand your company's corporate culture. You are going to send five employees to Mars to tell them. Only going to learn through observation.
  - Which five people would that be? What values do they uphold? Jot down those characteristics.
- How to bring your core values alive.
  - Storytelling.
    - Why is this a core value?
  - Recognize and reward
  - Train/inoculate
  - Internal newsletter
  - Huddles--highlight a rule/guideline a day.

### Creating a Personal Plan

**Overview and Instructions**

The Planning Pyramid will serve as your strategic planning tool. In order to ensure that the very important things your company identified on its pyramid are accomplished, you'll need to be able to draw information from it and translate that into your Personal Plan for the next ninety days. We strongly recommend that you create one of these plans every ninety days.

Read through the sample plan below and then fill out your own.

**Sample Personal Plan**

Organization: \_\_\_\_\_ Name: \_\_\_\_\_

<b>Core Values</b>	<b>Critical # / Theme</b>
1. <b>Practice what we preach</b> I will <u>ensure we all call at least one customer every week.</u>	1. <b>80% ecstatic customers</b> I will <u>use 360° review process to measure</u>
2. <b>Ecstatic Customers</b> I will <u>complete 100% of implementation process for every customer.</u>	2. <b>Operation Transition</b> I will <u>move coaching responsibilities to Dan.</u>
3. <b>1st class quality for less</b> I will <u>reduce printing, books &amp; shipping costs 20%.</u>	<b>Brand Promise</b> 1. <b>"Ideas to Implementation"</b> I will <u>create standardized implementation kits for each MBD workshop.</u>
4. <b>Honor intellectual capitalists</b> I will <u>create 1-page description of first three practices for yr. 2000.</u>	<b>Other Accountabilities</b> (Rocks, Key Initiatives) 1. <b>Coach of coaches working</b> I will <u>prepare Dan to handle all processes himself.</u>
5. <b>Never give up</b> I will <u>not give up on employees—coach to improved performance.</u>	2. <b>Payment process</b> I will <u>include prompt payment of deposit as part of successful implementation.</u>
6. <b>Everyone an entrepreneur</b> I will <u>do what it takes to keep my 2 key clients happy.</u>	

- Create “legends” that live your core values.

## 5: MASTERING ORGANIZATIONAL ALIGNMENT AND FOCUS

*Know your top priorities!*

- Schwab. Most important tasks each day.
  - List of top 3 things you need to do.
  - Look at it every 15 minutes and keep doing it till it is done.
- Management Accountability Map
- Replace yourself!

## 6: MASTERING THE QUARTERLY THEME

*Establish a reason to celebrate!*

- Engage the heart as well as the mind when motivating employees.
- Using Priorities and Critical Numbers to Drive Your Theme
  - Themes should be anchored in numbers.
  - Have to track progress and keep score.

## 7: MASTERING EMPLOYEE FEEDBACK

*De-hassle your organization*

- Recurring hassles and problems make people like their job less.
- Break down processes and find out what is hassling your employees!
- Each employee kept a list (at Dell) of all issues they ran into that week, then turned them in on Thursday, and they worked to see what they could do to solve those problems. Take bite size chunks out of each process.
- Ask employees
  - What should we start doing?
  - What should we stop doing?
  - What should we continue doing?
- Ritz is fanatical about any glitches in the system and fixing them.
- Keep an “issues aging” section, how long the hassle has been pending.
- Guidelines for de-hassling
  - Relevancy and specificity
    - Ask “why” several times.
  - Never backstab
  - Address the root



- Involve all those affected
- Create a situation room for executive team where you go to plan, core values, goals, purpose.

## 8: MASTERING THE DAILY AND WEEKLY EXECUTIVE MEETING

*Structure meetings to enhance executive team performance.*

- Rockefeller had lunch with his key team members every day.
- Meetings: A Routine to Set You Free!
  - The faster you are growing, the more you probably need to have.
  - If you are growing less than 15 percent a year, treat each year like a year.
  - If you are growing more than 20% a year, treat each quarter like a year.
- The Daily Meeting
  - 5-15 huddle daily.
  - Goal is problem identification.
  - Ritz Hotel--has a 10 minute daily huddle every AM. They also have daily shift meetings.
  - Format
    - What's happening
    - Need someone who is naturally structured and disciplined.
    - Keep it where there is not problem solving--take it offline.
    - What's up, daily measures, where are you stuck?
- The Weekly Meeting
  - Good news (5)
  - The Numbers (10)
  - Customer and Employee (10)
  - Feedback (10)
  - Single Issue (30)

## 9: MASTERING THE BRAND PROMISE

*Identify the single most important measurable in building value*

- Your brand promise is probably lurking somewhere around your top goals.
- What does your BHAG look like?
- Define your sandbox. Your desired sphere of influence over the next 3-5 years.
- What are your customer's greatest needs?
- Your brand promise shouldn't be easily accomplished.
- Always look for bottlenecks or chokepoints in delivery of the brand promise.
- Your brand promise may ultimately become the price of admission  
and you have to adapt. Fed Ex used to promise delivery before 10AM,

now that is the price of admission in the delivery game.

## 10: MASTERING THE ART OF BANK FINANCING

*Make Banks Compete to Loan You Money*

- #1. Loan Opportunity Assessment
  - Risk, how much you need, industry, etc.
- #2. Strategy Development
- #3. Loan Package Preparation and Research
- #4. Finding the Right