

# How Do You Sustainably Grow Your Business?

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There's a big difference between being able to grow your business when your market is expanding and customer demand is strong versus growing during more challenging times. Sustained business growth comes from optimising two systems in your business: your business operating system and your leadership development system. In my Coaches Corner article and my article on page 5, I offer tips on leadership development, so my only additional comment is that the two systems are interdependent. You can only grow your business as fast as you grow the skills of your employees, and a scalable operating system is key to sustaining growth. Both were key findings by Bain & Company's Chris Zook and James Allen in their research for their book, *The Founders Mentality*.

What do I mean by your business operating system? I mean the operating practices you've implemented that align everyone's focus onto your key strategies. Using a hockey analogy, I've found that most businesses operate like teams of shinny hockey players. They don't play a consistent system that gets them playing as a team. Players aren't held accountable. Team results are mostly achieved by strong individual efforts, each team has a few floaters, and often the players don't pass the puck to each other. Sound familiar? While playing shinny in business can be fun too, it rarely delivers winning results and certainly not sustainable growth.

Here are five essential elements of an effective business operating system, why they're important, and suggestions on how to create them:

## 1. CREATE AND MAINTAIN A PERFORMANCE-ENHANCING CULTURE

The famous business thought-leader Peter Drucker said that "Culture eats Strategy for Breakfast," which succinctly ranks their relative importance. If you want to create sustainable growth, you must first create and sustain a great culture; a culture that balances productivity, as measured by customers and shareholders, with being a great place to work, as measured by your employees.

Research by John Kotter and James Heskett, authors of the book *Corporate Culture and Performance*, revealed that the key is to place equal emphasis on all three stakeholders. Companies that did significantly outperformed those who favoured one over the other two. Last year's sale to Amazon of the US-based Whole Foods Market is a good recent example of a company that was a great place to work but wasn't equally focused on serving its customers or satisfying its investors. The result was Amazon bought Whole Foods at a surprisingly low valuation.

But it's not enough to define your culture in theoretical and static terms. Your culture must be continually modelled by senior leaders and regularly reinforced at all levels of the company. Moreover, your culture must recognise and respond to changes in your market and operating environment. While certain elements of culture like Core Values shouldn't change, other more flexible culture elements like attitudes and beliefs can and should change.

I've come to believe that a major sustainable competitive advantage is the work environment you create at your

company. I believe people are intrinsically motivated by the opportunity to do great things and have fun doing it. Southwest Airlines is a great example of a company that has consistently grown over a long period of time in a tough, competitive industry. They've done it by creating a work environment that balances productivity with being a great place to work. As their former CEO Herb Kelleher noted, their competitors can copy everything they do, but they can't copy their culture, their esprit de corps. Ordinary people, working in a great environment, can do extraordinary things.

## 2. UNLOCK THE POWER OF YOUR CORE PURPOSE

To stay connected to your company, your stakeholders (employees, customers, and investors) need to find your work meaningful. Otherwise you're just another employer, supplier, and investment option. You want a deeper connection with your stakeholders, and the way to forge that connection is to uncover your Core Purpose. Your Core Purpose answers the question, "Why are we in business (beyond making a profit)?" or "If we disappeared, why would we be missed?" As Simon Sinek says, "People don't buy what you do. They buy why you do it".

Often a company's purpose is linked to the founder's purpose. John Aldred, the founder of Enerflex Systems, had as his Core Purpose to elevate the status of tradespeople. He believed welders, millwrights, mechanics, etc., made valuable and important contributions to society, and that the trades were desirable career paths. Through the manifestation of his Core Purpose, Enerflex was a great place to work, a great company to buy from, and a great company to invest in.

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### **3. CREATE YOUR BIG HAIRY AUDACIOUS GOAL**

In the research that became their book *Built to Last*, Jim Collins and Jerry Porras discovered that the best companies had identified a goal that they developed and pursued over time, a goal so challenging that they did not know how they would accomplish it, but nonetheless, they were inspired to figure it out. The authors called this goal a “Big Hairy Audacious Goal,” or BHAG for short.

There is enormous power in creating a BHAG. A strong BHAG reaches out and grabs people, energising and focusing them. People “get it” right away. It takes little or no explanation. A classic example of a BHAG was John F. Kennedy’s challenge to the US people to “put a man on the moon and return him safely by the end of the decade (1960s)”. At the time, many thought it was an impossible goal, and the technical details hadn’t been worked out yet. However, it was a clear and powerful challenge that captured people’s imaginations. The goal was achieved.

A great business example of the power of a BHAG is the Australian company Red Balloon. Red Balloon provides gifting experiences to people, and their core purpose is to change gifting forever in Australia by providing experiences rather than providing stuff. They wanted a measure to confirm they were having

an impact. Red Balloon decided that if 10 percent of Australians had received a Red Balloon day gifting experience, that would prove it. So they set their BHAG as providing two million gifting experiences at a time when they’d sold less than ten thousand experiences. With a large scoreboard in their office tracking experiences, they achieved their BHAG and are now resetting to a higher goal.

### **4. CREATE AND COMMUNICATE YOUR STRATEGY**

Strategy is a creative process, not a one-time event. In today’s business world, creating strategy is like building a bridge as you’re walking across it. It’s a dynamic process that follows a think/plan/do/adjust cycle which continually uses market feedback to confirm the strategy’s success. So that you get a broad perspective and avoid group think, expand the planning team to include talented people beyond those on your executive team. This creates learning and development for them and leverages their deep understanding of the business which will improve the strategy.

Secondly, you must continually revisit your strategy to ensure it’s working. My suggestion is to create a strategic thinking team who meet for one hour a week (think breakfast or lunch) to review changes in the marketplace, competition, technology, and the like. Don’t discuss day-to-day operations challenges; reserve this time

for strategy. Then, every ninety days, revisit your strategy in a quarterly plan-and-review meeting.

Strategy is essentially about placing the right big bets (and avoiding the wrong bets). Your team must learn what makes a great bet versus a merely good bet. Remember, a good strategy violently executed today is better than a perfect strategy next week.

### **5. EXECUTE YOUR PLANS**

All the previous four actions will be for naught if you don’t put in place a system to execute on the “important but not urgent” in your company. Strengthening your execution system will likely require you to streamline day-to-day tasks so you can create time for the important. You can accomplish this by putting in place an effective company-wide meeting framework that reduces meeting bloat.

Once this framework is in place, you can improve execution by creating and transparently sharing priorities and by having teams hold each other accountable for completing their priorities and pitching in to help should someone start to fall behind.

Also remember the 80/20 rule. Twenty percent of your efforts will give you 80 percent of your results, so ask yourself, what can you do to make that 20 percent more successful? To grow sustainably, you must be relentlessly focused on doing what you committed to do. ♦



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