



THE UNASKED QUESTION:

How Do You
Run a Company?

DICK CROSS

Despite all the hand-ringing and acerbic rhetoric over the American economy, we could be just one step away from solving it all.

It's a non-political solution that would shorten our return to healthy employment, reduce government spending and reestablish a rate of GDP growth that would keep us well ahead of China, and others to come, as the stabilizing force in the global economy.

Just ask someone today this simple question: "How do you run a company?" Invariably, you'll be met with a blank stare. Because nobody ever asks that question. Because no one expects that there's an answer. Yet it may be the most important question we need to answer if we want to grow our businesses and fix our economy.

It's such a simple and obvious solution, but no one is talking about it. And I'm baffled—no, angry—that they aren't!

Where did it come from?

I've spent the past 25 years running mid-tier businesses. As a CEO, I've led eight turnarounds. As an advisor, I've intervened in over 100 more. I've been a private equity partner and I've taught about business at Harvard.

This idea came to me 20 years ago and has been with me since. And it's the reason why most of what I've done has worked.

It arose from a little game I began playing privately as a young management consultant, once I'd gathered a bit of experience inside client companies. It was to see how accurately I could describe the personality, values and character of CEO's I'd never met, just by spending time around other people in their organizations. Never quizzing anyone about their boss, but rather just by observing how people interacted and how they did things at work. I found that I was very good at the game. When I finally did meet the person at the top, seldom was it a surprise. In fact, it was just the opposite. Eventually, I also came to believe that most other people could be good at it too.

What did I learn from the game? I learned that the individuals at the top of organizations have enormous effects on the cultures, processes, patterns of interaction, levels of enthusiasm, atmospheres and creativity of their organizations. And equally so on the spirits, commitment, emotions and motivations of the individuals who populate them.

I also learned that, in addition to being a pervasive force, this phenomenon also is insidious—insidious, because we all carry herd-related genes. We tend to fit ourselves into whatever societal circumstance we're in. Most newcomers are so anxious to fit in that they seldom even question the differences between the places they've left and the places where they've just arrived, at least for a while. Rather, we focus on being accepted while we're accommodating unconsciously to what's different, which usually takes enough time that the differences wind up seeming perfectly normal, and the realities of what was recedes in our memories. That's an important part of why places like the Marine Corps work.

The overarching conclusion I formed from what I learned from my game went a bit further. Maybe a little high-handed for a rookie, but my conclusion was then—and still is to this day—that due to the pervasive effects resulting from how well the job at the top is done, that job deserves and needs to be done well. Very, very well. It affects everything, from whether the lowest man on the totem pole had a good day or not, to the trajectory of quarterly earnings.

It didn't take much more time for a corollary conclusion, no less audacious for a sophomore, to hit me: that the jobs at the top of most organizations aren't done very well. Not because of laziness, lack of interest or intelligence. But rather because no roadmap, accepted method, framework nor guideline exists for how to do it. There is not a business school I know about

that teaches a course called, “How to Run a Business.” We study tangential parts of the job in great detail—like accounting, production, management and leadership—but not the whole of it.

The moment my two conclusions about the job at the top crossed lines, my private, little game of witnessing CEO’s through the actions and emotions of their organizations and the people who populated them shifted from an amusement to a passion, from fun to cause, from a pastime to a mission. That’s when it got serious, and it’s been that way ever since.

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Good News: There Is an Answer, and It's Important

If you're following the logic so far, it shouldn't be too much of a stretch to accept the notion that if we could improve the skill with which we run businesses in America, particularly in the lower and middle tiers, we could make a big difference in our economy—and in the quality of life for lots of people.

Twenty years ago I could see this message taking form, and I was inspired. But what arose through the next levels of my experience running companies and digging into the facts floored me, and has riveted my attentions since then:

- Every year 500-600,000 new business launch in America.
- Every year there also are roughly 500,000 offsetting business failures.
- Of the new starts, fewer than half survive for 5 years.
- Less than 10% make it for 10.
- At a conservative average of 10 total direct and related jobs lost per business failure, curbing the losses represents an opportunity to add 5-6 million jobs a year.

→ Solving this problem would accomplish our imperative for adding 4 million jobs a year to solidify our position as the leading economy of the world—by itself!

Again, why is the carnage so bad? It's not because most of the half million new businesses launched each year are bad ideas. Nor because our entrepreneurs don't work hard or because they aren't smart. Nor is it just bad luck.

It's different.

It circles back to the fact that hardly anyone knows how to talk about, teach or reference a reliable prescription for how to run a business—for doing the whole of the job at the top of a business organization. A job that is counterintuitive at times, that requires a framework for continuously deliberating the key issues from multiple perspectives—as opposed to the daily distractions. It's a job that requires its own time and a structure for disciplined thinking, rather than being subsumed into the routine flow of activity, mostly reacting to things.

Without any reliable framework for doing the job at the top, most CEO's just make it up as they go, presuming that by having the title on their business cards that they're done fulfilling the responsibility. But the results are terrible. Half a million business failures a year. 5-6 million

jobs evaporating each year. Numbers that if fixed would reverberate resoundingly through our economy and through the spirit of our nation.

Good news. There's a light in this tunnel, yet unlit. The remainder of this Manifesto outlines how to turn it on; a proven prescription for doing the job at the top of an organization, and for doing it well. And the best news of all? It's not that difficult. In fact, it's fascinating and fun.

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The Prescription: Tri-focal Lenses

Wearing Trifocal Lenses means developing the skill to keep three perspectives on your business synchronized at all times. Like restoring the finish on a beautiful old wooden boat, it's a bit of hard work at the outset. But once you reach an initial state of completion, it's not that difficult to keep it up, and to make it even more beautiful through continued maintenance and refinement over time.

At its best, it becomes an unconscious way of monitoring and adjusting how the totality of your business is meshing advantageously, or not, with what's going on both inside and around it. This skill then becomes the core skill that allows the person at the top to take responsibility for, and to deliver upon, making the adjustments that keep the business fresh. It's not too much different from how a great NFL quarterback unconsciously checks off his receiver reads on every pass play. Instantaneously referencing the cumulated record of every throw he's made in his career and adapting, unconsciously, to the immediate situation as it unfolds on the field.

Tri-Focal Lenses: V-S-E

So, what are the three fields of view you need to monitor and synchronize in order to run your business from the top like a Pro Bowl Quarterback?

They are:

Vision. This is a four part-part logic for what your organization is committed to achieve and why, at an emotional level, it's so important to get it done:

- **Core Values:** What your company stands for. The ultimate reference point for all decisions.
- **Purpose:** Why the world needs your business to succeed. Your legacy and contribution to society.
- **Mission:** Your next major milestone. A concrete objective that walks the thin line between what's "nuts" and what just might be doable. And, when it is, won't it be grand!
- **Tangible Images:** Enticing vignettes about what life will be like when you achieve your Mission.

The first two parts, the Core Values and Purpose, are the DNA of your Organization—the permanent genetic structure that makes your company what it is in the lives of your employees, their families, your customers, your suppliers and the greater community you serve.

The Mission and Tangible Images are what move your company along, usually in 2-4 year increments, and keep it relevant with changes that you don't control.

Strategy. A short list of the key hurdles that your organization needs to overcome in order to adjust what you've been doing in the past and achieve your next Mission.

The list ought to be short, straightforward and immediately understandable in its linkage to what's going on in your markets, your industry, your technology and your competitive environments. More than five is too many. Efforts will be diffused and all the outcomes will be at risk. Two to four is better, and when well chosen, do the trick.

Execution. A portfolio of plans that lay out resources, timing, responsibility, tracking metrics and deliverables, and correspond one-for-one with achievement of each Strategy.

Clarity and simplicity are the keystones here. Each of these plans ought to be explainable on a page. With those responsible for carrying them out left to figure out the details, and complemented by a tracking process that provides you with frequent dialogue and the flexibility to

adjust tactics as understandings deepen or as circumstances change from those that existed at the outset.

Once you've fulfilled your Execution plans, your Strategies are complete and your Mission is achieved, set another Mission with a corresponding set of Strategies and Execution plans and do it all over again.

CEO's of companies that get good at this look back, along with their employees, at their histories as a sequence of "eras," like chapters in a book. Everyone takes pride in the part they've played in the "molting" of the business from what made it great at one point in time to another, and they look forward to, rather than fear, the next chapter. They revel in a record of wisdom and courage that starts at the top to leave old ways and drive toward new ones, and that curates a spirit of adventure and excitement that's palatable when you talk to them. That keeps them involved, motivated, never thinking about delivering anything short of their best and never imagining leaving. That keeps their companies relevant and maintains the jobs we create through new business starts.

It's as simple as that. The manifestation of the whole Vision-Strategy-Execution prescription is never more than just a few bullet point pages. The story it tells is the backdrop for every decision

made at the top, and is the “through line” for aligning the hands and the hearts from the top down, over, and out to all of a company’s stakeholders.

And finally, it’s the Vision-Strategy-Execution framework that allows the job at the top to solicit, receive and interpret signals that adjustments in the prescription need to be made, to translate them into initiatives, to realign people and resources, and to coordinate the accomplishment of those adjustments through everyone’s thinking and actions.

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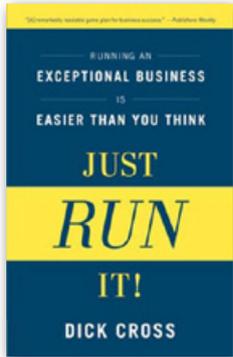
Application

It really doesn't matter whether you are the owner of a local market, a unit of a multi-national franchise, or run a multi-unit manufacturer producing goods and distributing across the globe. The solution for doing the job at the top, and for doing it well, is the same.

Develop the skills to maintain synchronization of Vision, Strategy and Execution and you won't be among the half million business casualties each year. In fact, you will be adding jobs, adding to gross national product, adding to the quality of life of everyone your business touches, and you will be doing your part in reinstating America as the driver of principled thinking and economic leadership for the world.

And when we look at it that way, it really is easier than most people think. 🇺🇸

Info



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ABOUT THE AUTHOR | Dick Cross has been running mid-tier companies, and advising and teaching others how to do well at it for 25 years. His career includes “eight hands-on” turnarounds, over 100 CEO advisory assignments and private equity partnership. He developed and led The Mid-Tier Presidents Course in the Harvard Executive programs for six years, is a frequent speaker and a member of numerous boards of directors. He holds degrees from the University of Virginia, Harvard University and Columbia University. His firm, The Cross Partnership, offers consulting, training, summits and speaking engagements in the *Just Run It!* methodology.

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