

Tenth Element of Gazelles/Rockefeller Habits 4-3-2-1 Formula for Business Growth - Selecting A Catalyst

Verne Harnish's Mastering Rockefeller Habits and subsequent Gazelles coaching training provides a formula to achieve success for any small to mid-sized company through a 4-3-2-1 formula based on the following:

Four Decisions
Three Disciplines
Two Drivers
One Catalyst

Let's review the formula so you can understand better where your business is headed and why it absolutely needs these ten critical elements to succeed and how and why Positioning Systems is your best solution.



What are the **Four Decisions**? **People, Strategy, Execution and Cash** - the four decisions every growth company **MUST** get right to succeed. What is each of these Decisions in relationship to in the business?

People is about harmony in your culture and enjoying work.

Strategy is about top line (revenue) growth.

Execution is about getting things done efficiently and effectively so that you convert revenue to profit; finally...

Cash is about having "Oxygen" - that is, sufficient cash flow (or cash reserves) so that you have options (choices) and are not living month to month just to survive.

Two key drivers in a growth business are **People and Process**.

The **Process Driver** relates to getting things done - Sales, Finance, and Operations.

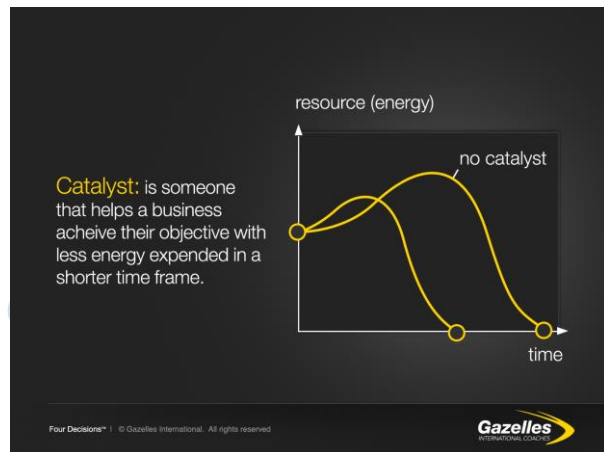
The **People Driver** relates to keeping positive and successful relationships with the three key constituents in a company: Its employees, customers and shareholders.



It is vital that a growth company **balance** the two drivers - otherwise imbalance may result in setbacks or even failure of the business. Let's look at two extremes to illustrate: During the recession of 2008-2009 General Motors would not (or could not) secure sufficient concessions from Union workers (expense reductions) in order to operate in the black and thus had to declare bankruptcy and was bailed out by the federal government - they were too People focused at the expense of the business. Contrarily, Enron in 2001 was so focused on Productivity - meeting or exceeding goals, they did not care about their People driver and made choices that damaged shareholders, customers and employees. They were too Productivity focused. The best growth companies that go from Good to Great are able to strike an ongoing balance between the two drivers.

The last item in the 4-3-2-1 Framework is the **Catalyst** - a resource or tool that will help accelerate the growth of the business. The most common catalysts are people in the form of Advisors, Consultants and Coaches.

Let's define what a catalyst is. A **Catalyst** is a resource or tool that enhances positive change so that the desired end outcome is achieved with less energy output and/or in a faster, timelier manner. Take a look at the two curves on the graph - the blue curve represents the energy and time it takes to achieve a desired outcome - such as 100% revenue growth in one year; the Red curve represents the energy and time it takes to achieve a desired outcome, but it is completed with less expenditure of energy and time - because a catalyst was involved in the acceleration process. The right Business Advisor, Experienced Consultant, or Seasoned Coach will act as a catalyst to the leadership team.



Moving away from the theory of a catalyst and problem solving collaboratively to illustrate the power of a real life catalyst. Who recognizes the leaders and their companies on the left side of the picture? Name them. Who recognizes the gentlemen (larger picture) on the right side of the slide? That is Bill Campbell - he has been the executive Business Coach of Eric Schmidt (Google), Steve Jobs (Apple) and Jeff Bezos (Amazon.com). Bill is a catalyst to each of these leaders by asking them the right questions - the tough questions - and holding them accountable for their leadership and commitments. This is also what



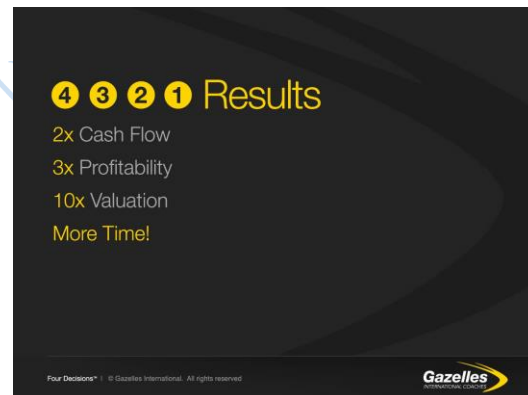
Gazelles International coaches are trained to do for our clients.

There are three types of people that could be **Catalysts**:

- **Advisors** - This type of catalyst specifically provides Experience and Knowledge. A good example of an Advisor and a recommended practice of Gazelles coaching is to have your business have a Business Advisory Board.
- **Consultants** - Experts & Specific Knowledge. Consultants are often from your industry or from an area of your business that you may have limited knowledge of that you need help in improving. Lean Manufacturing might be an area you need help in. A consultant who we recommend might be Bob Bloom, author The Inside Advantage and The New Experts. He's helped many of my client develop their Inside Advantage which enables them to clarify their Brand Promise and their Strategy Statement
- **Coaches** - Accountability & Questions. This is exactly what Gazelles Coaches and Positioning Systems provides. In many cases a Positioning Systems coach can offer consulting help depending on their range of skills and experience. In Positioning Systems case we are experts at Strategic Discipline, building systems and sales process & training. Strategic Discipline focuses on Accountability and naturally brings with it questions as we participate in your meeting rhythms.

What are some of the historic results of the 4-3-2-1 Business Framework? In drawing upon the research of Jim Collins (Author), John Kotter (Harvard University), and many others we have seen that growth companies that apply the principles from Thought leaders often experience:

- 2x the cash flow of their industry average;
- 3x the profitability of their industry average;
- 8-10x the valuation of the business net worth;
- Senior leaders have more time available to focus on critical functions (e.g. market focus, strategy development, mentoring people) and less time spent on putting out fires and daily operational routines.



You're here because you are interested in learning how you can propel your business forward to future growth. You've learned what the Rockefeller Habits 4-3-2-1 Formula and a catalyst can do.

With your permission allow me to present three compelling reasons to choose Positioning Systems as your business coach:

1. We are the premier provider for **Strategic Discipline**. Through Bob Bloom's Inside Advantage we created the term based on the **4-3-2-1 Gazelles Formula** that Positioning Systems is experts in. This expertise comes from more than ten

years as a Senior E-Myth consultant helping small to mid-size businesses develop and execute systems. Strategic Discipline focuses on three metrics that John D. Rockefeller used to build Standard Oil Corporation into the largest corporation in the world. It was the richest, biggest, most feared business in the world, seemingly immune to the boom and bust of the business cycle, consistently racking up profits year after year. Here are the fundamental principles of Strategic Discipline:

a. Priorities

Knowing what to focus on is critical. Where and what do you put your energy toward? Is it one of the Four Decisions; People, Strategy, Execution or Cash? Once you determine what it is, you need to make it your One Thing. To the exclusion of all others you must concentrate on this. In doing so not only will you achieve it, you will drag other important priorities with it toward accomplishment. Your One Thing is the equivalent of the blitzkrieg military strategy, placing all of your forces at the enemy's weakest point. Make sure it is the proper priority and that your time and resources are well invested.

b. Metrics

You can't manage what you don't measure. Rockefeller's business numbers were a common discussion of the daily lunch. Making people accountable is impossible without measurement. Indeed your best and most competitive people will want the numbers to score how well they are doing. It may be one of the most common instruments to measure whether a candidate is an A player or not. Simply ask them how they measure success. If they are not aware of the metrics which drive their accomplishments, then it's probably also true that they are not at the top of the food chain as an A player. The best leaders are paid most for their ability to predict and delegate. Without metrics it is impossible to forecast your future.

Here are several keys to achieving the right measurements:

Act on the Lead Measures This is the discipline of leverage. It's based on the simple principle that all actions are not created equal. Some actions have more impact than others when reaching for a goal. And it is those that you want to identify and act on if you want to reach your goal. Whatever strategy you're pursuing, your progress and your success will be based on two kinds of measures: lag and lead.

Keep a Compelling Scoreboard People play differently when they're keeping score. If you doubt this, watch any group of teenagers playing basketball and see how the game changes the minute scorekeeping begins. However, the truth of this statement is more clearly revealed by a change in emphasis: People play differently when they are keeping score. It's not about you keeping score for them. This is the discipline of engagement. In principle, the highest level of performance always comes from people who are emotionally engaged and the highest level of engagement comes from knowing the score—that is, if people know

whether they are winning or losing. It's that simple. It's also [Pearson's Law](#).

c. Meeting Rhythms

Rockefeller met with his key people every day for lunch. As Verne points out in *Mastering the Rockefeller Habits*, Rockefeller knew the meaning of the word company means "to share bread." While personal and professional relationships were strengthened, far more important is the vital communication, exchange and feedback that occurred on a daily basis. These ambitious men weren't just hobnobbing or chit chatting; they shared vital market information, customer and employee data that helped them to make better decisions.

Meeting Rhythms Create a Cadence of Accountability This is where execution really happens. Until you apply the **Meeting Rhythm Discipline** your team isn't in the game. It is based on the principle of accountability: that unless we consistently hold each other accountable, the goal naturally disintegrates in the whirlwind. The cadence of accountability is a rhythm of regular and frequent meetings of any team that owns a Priority (One Thing). These meetings happen at least weekly and ideally last no more than thirty minutes to an hour. In that brief time, team members hold each other accountable for producing results, despite the whirlwind. Priorities and benchmarks were shared and most importantly....

These three Disciplines are essential to your businesses success. They are essential to developing a discipline for growth. Unfortunately most business owners and managers fail to recognize the importance of Strategic Discipline and how it influences accountability.

2. At Gazelles Coaching we have two designated training and award ceremonies where the board awards coaches for living Gazelles Core Values. I recall my first Gazelles Coaching Conference in Las Vegas for a Growth Summit and our Gazelles Coaching Director Keith Cupp handing out three Core Value Awards to coaches. I knew I wanted to earn one in the future. My very next Growth Summit and Gazelles Training and Awards evening I was surprised to discover I did. The Core Value they'd determined I'd demonstrated, "***Practice What We Preach.***" Little did I know how prophetic that would be. Perhaps the most compelling reason to choose Positioning Systems is my experience and history with implementing the Strategic Discipline fundamentals. I truly have "***Practice What We Preach!***" While the training and coaching I did with E-Myth and my business experience as a sales person, sales manager, general manager and owner of a radio station all provide excellent experience on the power of disciplines nothing quite prepared me nor built my persistence, perseverance, determination, fortitude, faith and confidence than the challenge Acute Myeloid Leukemia and my subsequent Bone Marrow Transplant.

While my initial reaction was stunned pessimism I quickly turned this around by practicing the principles of Strategic Discipline through my 7 chemotherapies. It

took six chemotherapies to achieve remission and until the very last clinical trial there was never an indication that I had even a slight chance to make it. There are four categories to AML and mine was the least like for recovery, less than 10% chance due to the absence of a 7th chromosome and a condition called Mono Somy 7.

I chronicled much of my journey in my blogs, firmly embracing the Stockdale Paradox (from Jim Collins Good to Great): *“You must never confuse faith that you will prevail in the end—which you can never afford to lose—with the discipline to confront the most brutal facts of your current reality, whatever they might be.”*

It continues with: *“I never lost faith in the end of the story, I never doubted not only that I would get out, but also that I would prevail in the end and turn the experience into the defining event of my life, which, in retrospect, I would not trade.”*

Chet Holmes (Author of the Ultimate Sales Machine and cancer victim) offered that to succeed in business you need Pigheaded Discipline and Determination. What you are getting with Positioning Systems and Doug Wick is a coach with relentless commitment to the Strategic Discipline principles. I’ve personally and consistently seen the principles of Strategic Discipline perform miracles in my life and the lives and businesses of my clients. What you will receive is a business coach who is rigorous, ruthless, single-minded, undeviating, unflinching, ferocious, and unrelenting in keeping you and your leadership team committed to achieving these principles. You have a bulldog tenaciously guiding you to success. As Winston Churchill noted, *“The nose of the Bulldog has been slanted backwards so that he can breathe without letting go”*

3. Finally the biggest reason to hire Positioning Systems is simply because your business will not succeed or fail due to the Execution of Strategic Discipline. Most Businesses don’t fail due to lack of Execution. They fail due to poor decisions and failed Strategy.

Noted business consultant Peter Drucker observed, “Most business failures are not the result of things being done poorly. Businesses fail most often because the assumptions on which the organization has been built and is being run no longer fit reality.”

Well known management consulting firm McKinsey offered a more compelling and concise observation [McKinsey Quarterly, August 2006] “Those who say that business success is all about execution are wrong. Bad choices trump good execution every time.” (***Strategic Learning.***)

VUCA - volatile, uncertain, complex, and ambiguous certainly applies to today’s business landscape.

Most of business owners are caught up in our organizations and fail to take time to noodle, explore and ruminate about our business. Even if you take time to

think, as Bill Gates did twice a year with his famous Think Week, you can still fail to recognize the patterns that are part of the pace of change. Businesses that succeed develop Strategic Discipline. They schedule their time to get outside their business, and they schedule time to work with their teams to steer their ship in the direction they direct and forecast it to go.

Successful Execution as performed through the three disciplines of Strategic Discipline does not automatically ensure success. It is absolutely critical to move you to the next stage of your business where you have more time to work strategically on your business.

Assumptions on markets, customers, competitors, and your company's own strengths and weaknesses need to be tested if not annually, every quarter. The market can change; overnight one customer or a new competitor can disrupt the course you were on. Now you must make adjustments!

As Michael Gerber, in his audio the E-Myth Seminar noted, *"Businesses that plan always do better than businesses that don't. But business that change their plans are always more successful than businesses that plan but don't change them."*

What structure do you have in place to deal with a major change in your assumptions? How did you handle the last economic crisis, and how are you handling the current economy? That alone should offer insight into whether you need a minor adjustment to your strategic discipline or major bypass surgery.

Even if you have the right disciplines in place to sense and respond to markets, customers, and your competitors, you need to make good decisions. Then you need to execute on those decisions.

The reason to choose Positioning Systems is that by achieving Strategic Discipline, premier execution in your business, you will have the time to dedicate to Strategy and Planning.

Don't believe me. View Alan Rudy's [video on the Rockefeller Habits Checklist](#). Rudy is no slouch. While his challenges are documented well in *Mastering the Rockefeller Habits* by Verne Harnish, he's since gone on to sell Express Med and has since taken a \$7M company to \$1.2 billion in sales in just three years at the same time achieving the highest customer service rating in his industry.



In addition in the past several years Rudy has built a company from US\$20M losing money to US\$65M making a ton, taken another company from US\$7M to more than US\$1.2B in three years while still scoring the highest service rankings

in our industry, and Rudy is currently resurrecting a \$100 M company that was hemorrhaging cash.

Ultimately the reason to choose Positioning Systems is you have to put your business in a position to grow through excellent strategy and good decision making. Establishing your **Priorities**, developing **Metrics** (dashboards & scorecards) to monitor your progress and then developing the cadence of accountability through **Meeting Rhythms** will provide you with the time to ultimately strategize and make more effective decisions.

Let me close this by asking three questions:

1. Do you believe I understand your issues, your problems and your concerns?
2. Do you believe I/we have the expertise to solve your problems effectively?
3. Would you like my help?

If so please contact Positioning Systems LLC at 319-393-2565 through our website www.positioningsystems.com or my email address dwick@positioningsystems.com

