

**Confronting Reality
Doing What Matters to Get Things Right**

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Authors' Big Thought

The authors believe that this book will change the way you think about and run your business. It will show you how to connect the big picture of the new era of business with the nitty –gritty of what to do about it. Through a completely new way to understand and use the business model as the primary tool for confronting reality, you'll know sooner than later whether your fundamental business premise is under assault, where your best opportunities lie, what you would change and what you should leave alone, and how to radically plan the future of your business.

Introduction: Breaking with the Past

- Any plan for a business has to answer three questions: What's the nature of the game we're in? Where is it going? How do we make money in it? These questions go to the heart of what business is all about; they are the fundamentals of business thinking.
- The gap between people's successes and failures originates with the very nature of how people conceive the purpose and direction of their businesses. People don't analyze and link the three fundamental components that determine a business's success or failure: the environment it operates in, the financial targets it needs to meet, and the internal activities and capabilities that it depends on in the given environment to meet the financial targets.
- Everyone needs to fully understand the realities of the world in which they do business, and they need a new way to mesh their own business goals and actions with those realities. The authors show how to do this with a specific and unique methodology using a concept that is widely misunderstood: the business model.
- A business model makes it possible for you to gain a comprehensive and realistic understanding of how to make money.
- The version of the business model they have developed shows you how to tie together the financial targets you must meet, the external realities of your business and internal activities including strategy, operating activities, selection and development of people, and organizational processes and structure. It tells you sooner rather than later when your fundamental business premise is under assault, where your best opportunities lie, and whether you need to change internal activities or the business model itself. It will be your central tool for confronting reality.

- Your business model is incomplete and ineffective unless you debate and harmonize your external environment and financial targets with your internal capabilities through a process they call “iteration” – a mentally challenging recurring activity to get things right. The process of iteration makes you confront the world the way it really is, not how you would like it to be. It is intimately tied to the idea of “*business savvy*”.
- Their analysis of business savvy shows that its essence is the use, intuitively or explicitly, of the business model in choosing where and how to make money. People with a well-developed sense of business savvy seldom have a strategy ahead of time. Instead, they devise their strategies as a means of meeting their financial targets, not the other way around.
- To confront reality is to recognize the world as it is, not as you wish it to be, and have the courage to do what must be done, not what you’d like to do.
- Everyone grasps that business conditions are different than just a few years ago, yet few grasp just how fundamental the changes are and how swiftly they are overtaking businesses of all kinds. The business environment has changed by an order of magnitude.
- Globalization is now a force that touches all businesses, even those that once seemed too specific, local, or small to worry about it. These forces have helped to create a global buyer’s market. The result is one of the biggest changes in business history: an unprecedented shift of power from the owners and managers of capital to consumers and intermediaries.
- Global cost parity is becoming everyone’s benchmark. New and unexpected competition can come from anywhere. New products become commodities almost overnight.
- These changes have the potential to obliterate your-business- or take it to an entirely new level. Which will it be? That largely depends on how realistically you understand your position in the ever-shifting business environment and translate that understanding into your financial goals and action plans.
- Leaders with business savvy confront reality as a matter of course. Business savvy is the art of understanding the fundamentals driving your business and the connections between them. This is what the authors’ business model enables you to do. It gives you a new way to develop an integrated picture of your business reality, calculated at the very beginning of any effort to plan your course and recalculated regularly as circumstances change.

Part 1: Why Confront Reality

We’re in a new business era. It is the fifth distinct era of structural change since the end of World War II. Each of the previous ones spawned new management theories and practices, and this one will be no exception: the old ways don’t work in this age of lightening-fast change, high volatility, hyper competition, declining process, and compressed margins. The tools, practices, and behaviors that will distinguish success from failure can be summed up in one phrase: *relentless realism*.

Chapter 1: When Reality Bites

- The most widespread behavior when the game changes so drastically is to violate the *First Law of Holes* – when you’re in one, stop digging. People redouble their efforts to do what they know best. They often achieve heroic results – which are alas, often pointless, because they fail to confront the new realities.
- In theory, confronting reality is what business is all about. The best strategies, the most rigorous research, and the clearest of operating plans – all are undermined because the key people behind them have missed the reality of the situation for one reason or another.
- The fact is that the greatest consistent damage to business and their owners is the result not of poor management technique but of the failure, sometimes willful, to confront reality.
- In this chapter the authors illustrate this concept through two stories. The first is the story of a company needing to make the decision to move manufacturing to China, and the second is the story of IBM’s coming to grips with their reality in 1993.

The Six Habits of Highly Unrealistic Leaders

- People often fall short in confronting both their external realities and their internal realities.
- The external realities generally have to do with the behaviors of others who can affect the businesses outcomes: customers and markets; traditional industry competitors or non-traditional competitors; policies of governments and regulators; the expectations of the capital markets; and a host of other players whose roles may not be obvious. These are the behaviors that so often seem to take you completely by surprise. The surprise is magnified by the speed of change in the increasingly real-time global business world.
- Internal realities include the organizations capabilities and behaviors. People often miss the external realities because they're overly focused on internal processes, policies, and politics. They overestimate their capabilities and underestimate the difficulty of achieving their goals. They believe people in the organization are behaving in one way when, in fact, they are behaving quite differently.
- Bossidy and Charan have identified six behaviors as the most common cause of failure to confront reality:
 1. *Filtered information.* Missing the critical facts could make all the difference. They may be getting information only from people with the same point of view, or people governed by their own biases and pursuing their own agendas may distort this information. Information may be filtered through several layers of management.
 2. *Selective hearing.* Leaders practice selective hearing for a variety of reasons. The most common are preconceived notions or past experiences – looking into the rear view mirror, the arrogance of success – and the refusal to confront a problem because they can't see a solution.
 3. *Wishful thinking.* The urge to see things as you'd like them to be.
 4. *Fear.* Fear may be embarrassment over possibly saying the wrong thing at a meeting, or it may be a necessity in a culture of fear, where bosses punish people whose views are uncongenial. In either case, fear suppresses a lot of realism in the business world.
 5. *Emotional Overinvestment.* People can accomplish great things when they are deeply committed. The downside is that their emotional investment in a project may blind them to their weaknesses.
 6. *Unrealistic expectations of capital markets.* It's vital to create value for shareholders. The downside: many business leaders become captive to unrealistic performance expectations, notably the pressure for steady, predictable quarterly improvements.
- Businesses do have the choice to be realistic or not. Leaders in any business, from the largest to the smallest, have all the power they need to create organizations that can confront reality. And because they have the power, they have the obligation to use it.
- Exercising the power of realism requires an open and inquisitive mind, intense curiosity, the intellectual ability to sort out complexity, the ability to persuade others, and – undergirding it all – the courage of inner strength.

Chapter 2. Upended: Why the World is Changing

- The new rule is that almost any business activity is ever more likely to have worldwide dimensions. A new competitor can come from anywhere. A good idea is increasingly likely to find financial backers. And once any new product or service hits the market, it can reach customers anywhere on the planet overnight.
- The other side of the coin is that the new global game offers unparalleled opportunities for those savvy enough to find them.

- Understanding how the world business environment affects you starts with distinguishing between cyclical and structural change. Cyclical changes are part of business life's normal up and downs. Structural changes are fundamental, long-term alterations in the basics of making money. They are usually hard to differentiate from cyclical changes in their early stage – which is really when you need to see them. By the time they are obvious, your odds of adjusting well to them are sharply lower.
- Three structural changes are driving today's explosion of intensifying worldwide competition.
 - One is the increasing integration of business activity across borders, accelerated by the Internet with its instant communications and vast repository of ideas and dialogues. Its most tangible aspect is the rapid growth of supply chains that stretch from the US and Europe to all parts of the world – not only for goods, but now for services as well.
 - The second structural change is worldwide overinvestment, fueled by a vast credit expansion and immense free flow of risk capital.
 - The third is a global buyer's market that has shifted power from the owners and managers of capital to consumers and giant retailers,
 - There's also a wild card. Around the world government regulators are getting more aggressive and they are coming at different issues, in different times and places, without coordination or rationalization of their policies.
- The debate over economic globalism has traditionally been in terms of free trade, the exchange of goods between countries. As trade becomes freer, though, something else has come along: a much broader dissolution of boundaries.
- In classical economic theory, countries enjoy comparative advantage because they have an edge in one or more of the factors of production, such as natural resources, labor, financial capital, and intellectual or social capital.
- The factors that matter most today are knowledge and capital. And they know no barriers. Just as supply chains stretch across oceans, capital, ideas, and new technologies flow around the world almost as freely and quickly as they would in New York or Silicon Valley.
- On the demand side, television and the internet have shown people in the so-called underdeveloped and developing countries what life is like in the developed countries. They're willing to work hard, for not very much money. They have access to capital they never had before. And they have access to know-how.
- Instant global communication networks allow these countries to produce not only manufactured goods but also all sorts of services essential to running a business, from the back-office and support staff to the product development and even the R & D labs. As with many economic issues, experts are deeply divided by the long-term impact.
- The whole world is awash in more capital than ever before. To a greater extent than in any other sector, finance has become boundaryless – and increasingly unconstrained. The global electronic financial infrastructure moves the capital anywhere, anytime, at the speed of light.
- The new environment also creates credit on an unprecedented scale using sophisticated financial innovations – derivatives, secondary loans, collateralized debt, obligations, and the like.
- If the developing world is adding new, lower-cost productive capacity, you'd think that businesses elsewhere would get rid of their obsolete capacity. But much of this excess capacity has been around for years, in industries such as automobiles, and airlines. And more and more industries are suffering from it, from personal computers and software to telecommunications equipment.
- Competitors will even add capacity, hoping that because theirs is newer and more efficient that they can gain market share at the expense of others with older capacity.

- Sometimes people fall into the trap of thinking they have a specialty product when in fact it has become a commodity product. Innovators may be making a difference but often they aren't getting paid for it because the customers don't value the difference.
- Governments too play a role in maintaining excess capacity. In Europe, labor laws make it hard – sometimes almost impossible – for firms to shed workers. American companies have much more flexibility, but many are equally hamstrung by their “legacy costs”, the pension and health benefits promised to employees that compel them to preserve businesses that would best be scrapped.
- Environmental regulations can keep unneeded capacity online. And government policies are sometimes deliberately designed to keep excess capacity afloat – ranging from subsidies to tariff protection. For example, most airlines can't make money on a sustained basis because of the industry's excess capacity.
- It's no news that buyers call all the shots when supply outstrips demand. Consumers are better informed, more skeptical, and more demanding. They can get information instantly on the Internet, and with more choices than ever.
- What's unique to this era is the enormous help consumers are getting from retailers. In major consumer market sectors, powerful intermediaries have created unprecedented distribution efficiencies. Ranging from huge retailers such as Home depot, Wal-Mart and Amazon.com they are making life extremely uncomfortable for some producers, while making others far more efficient.
- The most powerful players in this shift are the so-called mass channel retailers. The ten biggest mega chains in the US account for some 80 percent of the average manufacturer's business versus 30 percent a decade ago. The fewer customers a business sells to, the more power the customer has, so the big retailers increasingly control the profitability of companies and even industries that supply them.
- Selling to fewer customers is never good for profitability. Productivity gains became ever more important. Either suppliers would see their margins erode inexorably or they would have to find ways to offset the relentless price pressure being imposed.
- Another trend that's making life harder for producers is that established brands are losing their power. Unit sales of store-brand goods have been growing at more than five times the rate of national brands. The store brands can increasingly match or exceed the quality of established products. And retailers have huge incentives to keep developing their own brands. Private products bring 10 percent higher margins, on average, than branded goods do. But more than that, a trusted store brand can differentiate a chain from its competitors.
- The consequences of mass retailers' growing power cascade backward. Suppliers pressure their own suppliers to drive costs down and compress margins, and they get rid of all but the most cooperative.
- Many industries today are so crippled by structural change that their problems have no obvious solutions. The authors call these structurally defective industries. They range from old-economy businesses as autos, commodity chemicals, and electric utilities to airlines, telecommunications, professional baseball and hockey, and the building materials industry.
- Companies in these industries are chronically unable to earn enough to be economically successful, no matter how brilliant their strategies may be or how meticulously they execute. Their business models are broken and can't be fixed. The reasons vary from industry to industry, but they are the results of globalization.
- Cutting costs and consolidating don't solve their fundamental problems: they merely create even bigger struggling companies.
- Over time they don't earn enough to pay for the cost of their capital, which means they have no financially realistic reason to exist.

- As business becomes more integrated around the world, it's finding more and more of its activities in the crosshairs of regulatory bodies. The European Union's antitrust commission is a relatively new player on the global business stage, and it's an aggressive one.
- Expect the commission to intervene in more and more issues that a decade ago wouldn't have meant anything to businesses in other regions. The EU has also become fixated on price fixing.
- Regulators everywhere are also acting more frequently in the name of the consumer. The results can create bewildering combinations of opportunity, risk, and damage, as the case of telecommunications in the US shows.
- Regulatory reach is increasing around the world, and it can significantly affect your ability to make money. If it's something you haven't paid much attention to in the past, you'll need to spend more time observing it and understanding it in the future.
- Leadership on this new business environment requires unprecedented business awareness of a greater range of external realities than ever before.
- What you intend to do to your competitor in your three-year planning cycle may not matter at all. More and more often, other players can set the direction the game is going in. Some are in your industry. Some are elsewhere in your value chain such as suppliers and channel partners. Some are in related industries. And some are governments or players in the capital markets.
- Challenges to your business model, your strategies, and the very existence of your organization arise in improbable quarters. So you have to understand not just the usual suspects, but also what can be called your extended industry, which includes all of the players who influence the industry's behaviors and economics.
- Change can be friendly for people who embrace it. But in this environment, you'll have to be alert and move fast to capture the opportunities that change creates.
- You can count on intensified competition. This will mean shorter product life cycles and constant assaults on your differential advantage. The pace of innovation will continue, but the pace of imitation will increase at a faster rate.
- To beat them, you will have to really know your customers and end users with more depth and intensity than ever, and to speed up your own responses to their needs.
- You may have to rethink your business model and determine whether it's time for a clean sheet of paper. You'll have to be prepared to leave markets with limited growth prospects and move in other directions.
- It boils down to this: we are entering a new era, defined by structural changes that won't reverse themselves anytime soon. Such epochal shifts have a habit of changing the rules for running a business, and this one is no exception.

Chapter 3. Redefining the Basics of Management

- Every age of structural change redefines management theory and practice. The post World War II era, in which modern management theory took shape, was an epic seller's market, driven by pent-up demand and an explosion of a new middle class. Managers focused on achieving ever greater economies of scale through mass production.
- From the late 1960s through the 1980s acquisition and deal making became a major activity of corporate America. The great skill of top management was in crunching numbers and doing deals to yield the best financial results. Headquarters mainly contributed financial expertise; if a business delivered the numbers, it was left alone.
- Through the 1980s it was back to basics. Acquisition took a new turn: corporate raiders such as Boone Pickens went after underperforming companies and installed executives who would straighten them

out. Further sobriety was supplied by the invasion of Japanese manufacturers who focused on low cost, quality, productivity and faster cycle time. Their operational expertise won them market share and high marks for customer satisfaction in some of America's and Europe's largest and most prominent industries. The popularity of Japanese products forced US companies to face reality and hunker down. Business leaders learned to focus on operational excellence. Concomitantly, far-sighted leaders began to dismantle the traditional command-and-control management model, pushing responsibility farther down the ranks.

- The mid-nineties brought a boom of immense scale and scope, fueled by technology, rising productivity, boundless optimism, and unprecedented growth of risk capital driven by an ever-expanding stock market. Four mantras dominated management thinking during the nineties: innovation in business practices, productivity, speed, and creation of shareholder value. The obsessive pursuit of shareholder value distorted financial goals and compensation metrics of many companies.
- What federal Reserve Chairman Allan Greenspan called "irrational exuberance" came to an abrupt halt when the stock market bubble burst. Now we are in an era of structural change. It is at least as distinct and significant as the previous four. And more than any of them, it demands fundamental changes in the way leaders run their businesses. To take just one example, IT's impact may seem abstract when you read about its contribution to productivity growth but when ideas are instantly communicated and plans instantly executed through software that lets people collaborate across oceans, worldwide business integration can only become tighter and more widespread. Change can only become more rapid, competition more intense, and time to market more critical.
- Rising competitive intensity forces a return to basics again – but in a far more fundamental way than the operationally focused 1980s. Getting down to basics today means first and foremost focusing on how you create intrinsic or fundamental value for your business.
- Fundamental value is a combination of real profit, real return on investment, appropriate cash generation, and growth that is sustainable based on continuing differentiation in the marketplace. Your ability to create fundamental value rests on how good you are at finding the right balance between your external and internal realities and your financial aspirations: in other words, how skillfully you develop and use your business model.
- A major reason to focus on fundamentals is that growth won't come easily. Organic growth will not often produce the double digit gains that were routine and even obligatory in the last era. Others will find brighter growth opportunities, but only if they're aggressive about finding new ways to do things.
- Study after study in recent years has shown that companies that grow mainly through acquisitions are less successful than those that earn most of their growth organically.
- Consolidation can't return an industry's dynamics to "normal" if the players' business models have been overtaken by structural change. Consolidation merely combines bad business into bigger bad business.
- The only good excuse for an acquisition is to enhance the fundamental value of an enterprise: in other words, it must complement and strengthen the business model.
- A widespread quest for fundamental value may speed the changes in corporate governance set in motion after the excesses of the nineties. It's likely to link compensation more closely to the creation of long-term value.
- The business model is the foundation of building fundamental value. As its usefulness and importance become more widely understood, the authors believe it will become the distinguishing managerial practice of this new era.

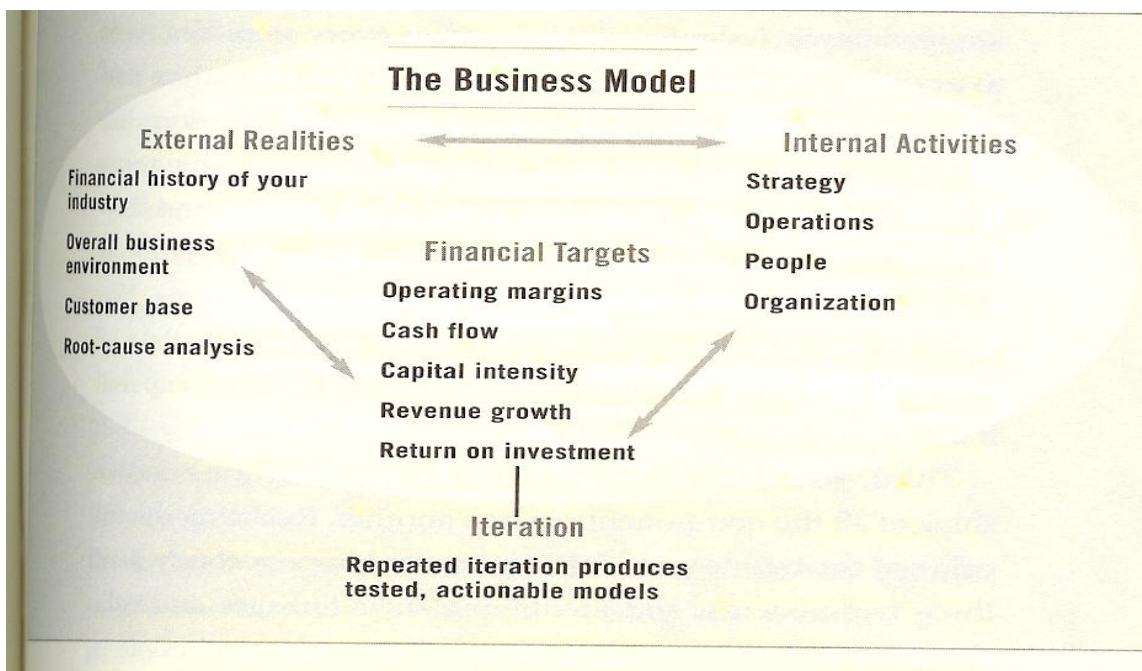
Part 11: Confronting Reality with the Business Model

- A fundamental and widespread flaw in management practice is the absence of a clear, integrated picture of your business reality, calculated at the very beginning of any effort to plan a business's course.
- Planning typically begins with the presentation of a strategy. Many of these presentations are highly detailed, complex, and bolstered with masses of data. The authors have rarely seen equally detailed analysis of the exterior environment, the realism of financial targets that are set given the nature of that environment, and the organization's ability to deliver on those targets. These three elements are not harmonized, and as a result plans are not realistic. That's why they so often take business in the wrong direction.
- The authors asked themselves what kind of process would take a business in the right direction. It would have to be a very special kind of model, one that rigorously analyzed each of the elements and the relationships among them, and then harmonized them. They couldn't find any existing model that met these criteria, so they designed their own, spending hundreds of hours developing it, soliciting critiques from respected business leaders, and testing it against all they've learned over the years and all the successes and failures they've observed and analyzed. The result is the most comprehensive and useful tool to date for setting the right targets and action plans for a business.
- Their model tells you what enhances or inhibits the overall performance of your business- whether you have the potential to grow, make an adequate profit, and generate the cash necessary to pay employees, rent office space, buy raw materials to make products, market and promote the business, pay dividends to share holders, meet the corporate goals for your unit, or earn enough from your business to lead the life you'd like to. It brings clarity to the fundamental direction of your business, and enables you to draw a realistic map for success.

Chapter 4. The New Model for Confronting Reality

- The idea of making an investment in and selling something, and collecting cash for it is ancient, universal, and down to earth. The simplicity of this idea is the essence of the business model.
- Outstanding leaders in any business understand their company's business model, even if they don't call it by that name. Yet few concepts have more varied interpretations and meanings. To many people, a business model is just a financial exercise. Others think of a business model as a sort of story about what the business intends to accomplish.
- The version of the business model they've developed is an organized rigorous way of looking at the health and profitability of a business, now and in the future. It is a statement of your current reality and it's *likely* – as opposed to hoped-for-future direction. It is also an early warning system for real-world changes that pose threats or provide glimpses of opportunities.
- Finally, the model is a blue print for taking action. By using it to test the actions you want to put in place, you gain a better understanding of what will and won't work.
- The business model starts with a logical breakdown of the many elements that make up a business, from its markets to its income statement to its leadership development programs. These group into the model's three components:
 1. The environment your business lives in
 2. Your financial targets
 3. The activities of the business: strategy formulation, operating activities, selection deployment, and development of people, and organizational processes and structure.
- Iteration is the process of harmonizing the three components by repeatedly reviewing them as you add new information, and analyzing the subsequent changes in relationships among them.

- Linking and iterating the financial targets, external realities, and internal activities, and searching for the right mix in each of the three components of the business model, is what determines the accuracy of the final product. These are demanding and challenging mental activities. It's crucial to keep four points in mind.
- First, you must start with a general sense of the financial targets you want to achieve. They may be no more than aspirational, but they will be the benchmarks for analyzing the risks and opportunities you identify in the external environment, and assessing your organization's ability to act accordingly.
- Second, the business model is not mechanistic. Some of its elements, like financial histories, are quantitative, but many are qualitative. Judgment is required at every step. You have to evaluate the qualitative factors—things like the nature and effects of trends, impacts of new regulations, distinctions between cyclical and structural changes, reasons why some industry players are more successful than others, and new factors that can affect your customer base for better or worse. You have to distinguish facts from assumptions. You have to test the assumptions you make against a variety of realities, including not only externalities but also the capabilities of your own organization.
- Third, you have to be savvy in determining the relationships of all the components to one another looking rigorously at all three components, and identifying their linkages and relationships in developing decisions and executing action plans. This requires qualitative and quantitative judgments, pragmatism, intellectual honesty, confidence in information sources, and judgments about assumptions and risks.



- Fourth, the business model is dynamic, not static. You'll need several iterations. After that you will need to test it regularly, keeping it up to date as you perceive external changes on the horizon and changes in its own internal capabilities. But as long as you keep it anchored in reality, it will remain coherent through any alterations you make in any of its components.

Assessing the External Realities

- There are four elements of making a realistic assessment of your external reality:
 1. *The Broad Based Business Environment*. Assessing the broad business environment means looking at existing and potential competitors; demographic, and technological trends; regulatory issues; and structural and cyclical changes. Searching for threats and opportunities, you are examining the factors

such as government regulations, technological advances, global influences, and new competitors, especially those that may come out of left field.

2. *The financial history of your industry and its players* - You need to calibrate the attractiveness of yours as an arena to play in. What are the growth rates, margins, cash flow, asset intensity, and returns to the owners or shareholders for as long a period as data are available? Defining your industry may also require judgment about the industry's exact nature – its segmentation and the dynamics of competition.
3. *Your customer base* – Your customer base is arguably your most precious asset. What could threaten it, what could broaden or deepen it, given industry and overall business environment trends and events? Every business must sharply define the set of customers it sells to regularly and how that base will be retained, improved, or increased. Every business must also have an equally sharp and specific idea of why those customers prefer its products or services over the offerings of competitors.
4. *Root-cause analysis* – What are the underlying causes of the trends and issues you've identified? How is the money made, or not made, in your industry? Why do some players do better than others? What do you need to know to judge the probable trend of your industry's profitability over the next several years? Anticipating how your competitors and other players might change is another area of judgment. For businesses selling to other businesses, it's also important to understand their business models. Companies that do a really good job of providing solutions to their customers can sometimes help them with their own business models.

The Financial Targets

- Every business needs an internally consistent set of financial targets. The purpose of these targets is not to strive for precision over, say, a three-year period but rather to recognize that the changes you observe in the external environment, as well as most changes in internal activities, have consequences that must be recognized in the financials.
- Companies often set their financial targets almost in a vacuum. Sometimes people are driven by the demands of others: financial markets, or the CEO, or the head of the division, dictate what the goals should be.
- The analysis of the external environment gives you a realistic context for setting the appropriate financial targets.

Strategies, Operating Activities, People, and Organization

- Only after you've crystallized the realities of the external environment and linked them with your chosen set of financial targets can you go on to think about strategies, operating activities, selection and development of people, and organizational processes and structure.
- Operating activities include the programs and processes that enable your business to reach the desired financial targets and execute strategies, such as product launches, sales plans, and measures to improve productivity.
- A major reason for the mismatches between goals and results in most businesses is the lack of connections between these components and the strategies.
- Consider the typical planning process. Leaders draft a strategy to figure out how the business will be positioned and differentiated against the competition. They identify opportunities in the marketplace and come up with ideas about how to take advantage of them. They create a financial forecast to see what benefits the strategy might produce. Then they determine, based on the strategy, the operating activities and structure of the business.
- Here's the problem: all the people involved in the planning process are doing their work outside of the business model. There's too much emphasis on getting the forecast first. This process doesn't develop the meticulous and comprehensive financial expression of the environment that is the foundation of realism. These forecasts typically *assume* that the business's managers will implement the operating

activities, people deployment, and organizational processes needed to achieve the strategy's projected financial targets. And whatever time is spent on looking at the environment is usually devoted to the specifics of competitive dynamics within the industry.

- It's harder to stay intellectually honest in a strategy session. Unconsciously the strategy creators tilt toward assumptions that support their hopes and dreams, and downplay those that don't. So the numbers will almost surely come out looking good. But the odds of actually making those numbers are not so good.
- Strategy assumes its rightful place in the hierarchy of decisions making when it's part of the business model: integrated with the realities of the external environment, the financial targets, and the business's operating, people, and organizational activities. Through the business model all three are linked simultaneously and iterated back and forth until they match reality.
- The business model gives you an understanding of the industry and all the factors in the broader environment that are likely to affect it, along with the capabilities of your organization to execute the strategy. This allows you to test the validity of strategies before wishful thinking and emotional investments gain momentum.

Iterating the Model

- The business model is dynamic – you must regularly revise it as circumstances change. Iteration is how you put different pieces into the mix and keep searching until you get the solutions that harmonize the model.
- Each iteration deepens your understanding of what you can and cannot reasonably expect to accomplish. You identify areas where you may be able to improve your performance – or ones that you thought hold the promise for improving it but which, under scrutiny do not after all.
- The iteration process is where you make all the trade-offs. Sometimes there is simply no good match to be found among the components. Even after multiple iterations there is no harmony: the model doesn't yield results consistent with your financial aspirations. Then you either have to change your financial aspirations or revise your internal activities until they are consistent with each other.
- Iteration is also where you apply your business savvy. It takes good judgment and intellectual honesty to bring these iterations to a realistic conclusion. It also takes emotional tenacity. These are the qualities which will determine the ultimate validity of your model.

Chapter 5. Getting to Reality

- This chapter offers practical guidance in working with the business model. Two examples are given. One is concerning a consumer goods business, and the second was a solution for KLM.
- The necessity of a robust and up-to-date business model is heightened in times of structural change like the present. The business model helps you to understand whether your business's up and downs are the result of cyclical change, such as demand imbalances resulting from strengthening or weakening of the economy, or structural changes that can have a permanent impact on the profitability of any business.
- As noted earlier, astute leaders of businesses, from the simplest and most primitive to the biggest and most complex, have always had business models in their minds. They had focus on the fundamentals of making money that a business model specifies. This is the bedrock of the shrewd instinctual feel for how to make money that people call business savvy. It's the ability to make trade-offs among the three component of the business model and match them instinctively and iteratively with the specific actions that create value for customers, owners, and employees.
- Business savvy is available to anyone with the mental capacity to anchor his or her thinking in the business model, and to continually gauge the model's health in the context of the new realities. You can develop your business savvy through consistent, tenacious practice.

- If your business model is faulty, you must think about how you will design a new one. Or if the business model is good and robust but is not delivering the expected results, then you must ask the important questions.
- The business model is your connection with reality. When you've done your iterations, linking your assessments of the external environment and your internal activities to your hoped-for financial targets, you may or may not like the results you end up with. But you'll be operating in reality rather than in the land of wishful thinking, and you'll be in a far better position to deal with the future before it overtakes you.

Part 111: What to Change and What Not to Change

- The ability to zero in on precisely the parts of the business that need attention and leave the rest alone is just as much a sign of great leadership as is reinventing the business model when radical action is needed.
- Too often decisions about to change and how much to change are dictated by a leader's personal appetite for it. But change for the sake of change does enormous damage, draining energy and resources from the organization.
- Just as often, change is reactive. Many leaders are anxious to making their mark by making bold, changes when the real problems call for incremental solutions. Many others stay in their comfort zone by applying what has worked for them in the past.
- The business model brings rationality to the issue of change. It is the guide for when to change and when not to change, what to change and what not to change.
- Use the business model to identify and anticipate external realities and make realistic, positive change.

Chapter 6. Facing Crisis

- The tech boom's collapse created monumental problems for the legions of companies whose business models were predicated on high growth. For those that flourished because their products met real needs, the future depended on how skillfully their leaders adapted to the shock.
- Three of these companies are discussed in this book. EMC and Sun found themselves facing structural change in their external environment. While EMC chief Joseph Tucci quickly faced the facts and reinvented his business model, Sun's Scott McNealy struggled to keep on his old course. Cisco's John Chambers realized that his problem was not structural but cyclical and operational. He had to put his company through profound change, but his business model remained intact.

Modeling the Solution for EMC

- *External Realities:* After the tech crash, purchasers of storage systems cut back on expenditures and switched from EMC's high-cost products to cheaper ones. Competitors were also developing machines for the high end, at lower cost.
- *Financial Targets:* Revenues, margins, profits, cash flow, and return on investment were all falling precipitously.
- *Internal Activities:* EMC was geared toward producing premium-priced products with proprietary software and high margins. Its technologists strove to design and build highly sophisticated machines; salespeople, operating as loners, were aggressive because they had the most desirable products on the market.
- *Iteration:* Tucci's external analysis showed that the old strategy was obsolete because the market changes were structural. The financial targets could not recover without a whole new business model. He started with a new strategy: recapture and expand the customer base by selling lower cost hardware, software-open, not proprietary-and solutions. The strategy, in return, required major changes in operating tactics, people, and organization processes to develop products at lower cost and more

quickly. He and his management team met frequently to iterate in their search for solutions. The first iteration, for example, still left too much high end product to meet the targets for costs, margins, and profits, and led to further work to produce for the middle and lower markets. Subsequent iterations revealed the need to replace people who couldn't adapt to the new conditions, retrain others, and restructure the organization. Financial targets were revised upward as the action plan produced results.

Modeling the Solution for Cisco Systems

- *External Realities:* Demand plunged as customers cut back their purchases and confronted the mounting overcapacity in their industry. But Cisco's cutting-edge products were still desirable.
- *Financial Targets:* Revenue growth stalled, margins shrank, and cash generation slowed.
- *Internal Activities:* Cisco's operations and organizational processes were designed for high growth. Product proliferated, and controlling costs was not a high priority.
- *Iteration:* When he read the market downturn, Chambers correctly analyzed it for Cisco; it was cyclical, not structural. He kept his financial targets and strategy intact, and modeled ways to align them with the new and future marketplace realities. After establishing the likely volume of sales, he searched continually and repeatedly for ways to lower costs and get his desired margins. In subsequent iterations, Chambers saw opportunities to get into new markets and segments vacated by fallen competitors; with plenty of cash, he moved to exploit these opportunities.

Modeling the Solution for Sun

- *External Realities:* As with EMC, Sun's customers deserted its high-priced, high-performance products after the tech bubble burst, and looked instead for cheaper alternatives.
- *Financial Targets:* Revenues plunged, and margins collapsed; cash generation slowed drastically.
- *Internal Activities:* Sun maintained its technological leadership with intense R & D efforts. Its people and organizational processes were geared to selling unique and demonstrably superior products.
- *Iteration:* Judging the market change as cyclical, McNealy at first stuck to his original strategy and focused on cutting costs with the hope of eventually getting back to his financial targets. As it became apparent that the changes were structural, he went through many iterations to find other ways to meet the target, including broadening his market with lower-priced models, pooling his resources with other technology suppliers, and moving toward open architecture in some product lines. At the same time he has continued on his traditional course, spend heavily on R & D to develop dazzling new technologies over the long haul.

Chapter 7. Rebuilding the Foundation

Modeling the Solution for Home Depot

- *External Realities:* The Company's markets had strong growth potential, but Lowe's was gaining ground.
- *Financial Targets:* Revenues were growing, but cash was low and dwindling.
- *Internal Activities:* Organizational processes and people skills lagged behind growth. Decentralized purchasing added to costs, and information systems were primitive.
- *Iteration:* Looking at the Financials, Nardelli could discern the negative consequences of Home Depot's fixation on growth. Cash became his critical priority; he slowed down the expansion even though it alienated investors, and focused on increasing margins by cutting costs and centralizing purchasing. His next steps were to improve management quality and install the information systems needed to manage inventory more efficiently. As these steps generated more cash, he turned to refurbishing the stores and

resuming expansion. Periodically, as he gained confidence that his measures were producing results, he was able to raise the long-term financial targets.

Chapter 8. Innovating for Growth

Modeling the Solution for 3M

- *External Realities:* Markets in general were growing well, and there were no dramatic threats on the horizon.
- *Financial Targets:* 3M was meeting all of them, but they were modest and well below the company's potential.
- *Internal Activities:* Talented people made the company an innovation machine. But new product development was disconnected from customers, and took too long. Operations lacked discipline.
- *Iteration:* During six months of meetings with senior management, McNerney searched for ways to improve financial results without damaging 3M's culture of innovation. He repeatedly iterated his approach to change until he was satisfied that he had the right mix and sequence of actions. He then set higher financial targets, transparent both inside and outside the company, and began to change organizational processes, combining many businesses and centralizing such things as purchasing. After conditioning his people for change by introducing a Six Sigma initiative, he overhauled the innovation processes to speed them up and connect them more closely with the marketplace.

Chapter 9, Seizing Opportunity: The Thompson Corporation Transformed Itself

Modeling the Solution for Thompson

- *External realities:* The newspaper and travel businesses were currently profitable, but the future looked less promising. By contrast, Thomson's smaller professional business appeared to have enormous growth potential.
- *Financial Targets:* Thomson was currently meeting its long-run targets. But with the newspaper business, that would not necessarily be the long-term case.
- *Internal Activities:* People, operations, and organizational processes were well harmonized for the existing businesses.
- *Iteration:* Harrington recognized that structural changes would erode the newspapers' profitability, then at their peak. He and his board agreed that Thomson should create an entirely new business model. It would achieve desirable financial targets by publishing (increasingly electronically) information for professionals such as financial services people and lawyers. Harrington first modeled the relationships between different sale prices for the businesses to be sold and the investment required to build professional publishing. Arriving at a balance that would not require heavy borrowing, he proceeded with the plan. As the plan moved forward it required continual changes in people and organization processes, with the results being weighed constantly against the progress on financial targets.

Part 1V: How to Prepare for Change

- Leaders who've learned to look at their business from the outside in, including looking backwards from the end user of their products and services, have a head start in confronting reality.
- Businesses can't change unless they are conditioned to do so. There's no better way for such conditioning than the companywide initiative.

- Ultimately, the organizations that work most effectively will be those in which leadership demands reality and develops systems of rewards and penalties that put a premium on realism.
- Creating a culture of reality should move to one of the top places on any leader's agenda. Realism starts with your own behavior, using the business model as your primary tool for teaching people to confront the realities that affect their area and organizational levels.

Chapter 10. Looking Around Corners

- Today the increasing speed and scale of change means that new threats and opportunities arise faster and more often. Shifts in everything from consumer lifestyles to the global financial markets and government regulations can alter not only your own business model but those of whole industries.
- With competitive intensity on the rise, more and more products and services are being knocked off or functionally matched, produced somewhere by somebody at lower cost. The differentiation vital to wide margins and high profits is harder to achieve, and its lifespan is shorter.
- Along with speed comes a higher order of unpredictability. It used to be that you knew your adversaries. Today, the next assault on your ability to make money can come from almost anywhere. You have to study your extended industry, which includes all of the players in the industry. Some are elsewhere in your value chain. Some are in related industries. At any given time some may be adversaries, some may be allies, and some may be neutral. But increasingly – and often when you least expect it – their behaviors can upend your old assumptions.
- Some of the players you have to worry about aren't in any industry at all – they are governments or players in the capital markets.
- Other future concerns could be legacy costs and investment decisions made during bubbles and booms. Apart from saddling companies with debt burdens and collapsed share prices, such overinvestment leaves a hangover of excess capacity that can take a generation or more to wring out.
- Nontraditional competitors are perhaps the most numerous of the new players. For example, look at Amazon.com's expansion from an online bookstore to a virtual shopping mall or Dell's growth into the server market. Some players may not specifically compete with you, but they have the power to change the rules of the game as you've played it previously. Often their behaviors aren't the ones you take for granted in your own money-making scenarios.

Tools for Staying Ahead

- How do you know what you need to do before it's too late to do it? In most businesses people typically look only briefly at what economists call externalities in analyzing their opportunities and risks, and their research consists of large generic economic and industry growth projections. They put most of their time into studying the strengths and weaknesses of their major rivals.
- There's no question that competitor research analysis is important, but it's only the beginning. You have to constantly ask the bigger questions: Can you see profitable growth in the industry? What would commoditize it? Can you see a technology change that might alter the rules of engagement? Who else might become a competitor? What government policies are brewing that could affect you for worse or for better?
- To know and to anticipate these things, you must take information gathering to the next level. It has to be a real-time process: a social mechanism with frequency and consistency.
- The ability to look around corners and anticipate what's coming is part mental and part procedural. The mindset develops with practice. The procedures consist of a variety of tools for looking from the outside in but they're only worthwhile if you bring the right mindset for working with them.
- Where and how you get your information depends to some degree on the nature of your job. CEOs obviously have a lot of resources to draw on, including direct contact with high-level people outside their own companies, and the resources to hire consultants and advisors.

- The Internet gives you access to ever-increasing amounts of information. At a minimum you need to be up to date on what the business journals are covering. Beyond that, the broader your reading, the better you are able to spot drivers of change, patterns, and linkages that aren't always obvious. In the larger environment, you're looking for early warning signals of potentially major change: new entrants in the market, new technologies, and regulatory moves. Your ability to weave a pattern out of disparate data and events is a key element here.
- Mostly, though, you need to converse. Not just in routine meetings but also when you're speaking with people from different parts of the business, or at a trade show, or at lunch with a supplier. You try to see your business, and the business environment, through the multiple lenses of other people's perception and judgment.
- While you're conversing, your mind is unconsciously and automatically processing. You begin to notice things you hadn't seen before. You accumulate more facts, ones that didn't seem important until you had this new perspective. If you finally discover that you need to take an action that hadn't occurred to you before, you've hit the jackpot.
- You get information just from walking around with your eyes open. One thing you're likely to see today that you didn't in the past is a CEO wandering through the aisles of a store where his product is sold. This new breed of CEO looks at product placement and competing products. They talk to store managers about what's selling or not – and why; they buttonhole customers and ask them what appeals or doesn't. They're focusing on details, but they're also trying to sense structural changes and trends in taste and buying preferences.
- In an organization, you sharpen the outside-in view from to different directions. You work down from a broad view of the external environment to your particular circumstances, and at the same time, you work up from your knowledge of the customer and the end user.
- Of all the external information you can gather, knowledge of the customer is the most specific and valuable in assessing your business model or developing new strategies.
- Practically everybody claims to focus on the customer, to be customer-centric. The reality is that most businesses still look at the customer from the inside-out. They do their market research, and then work on things like marketing campaigns, discount programs, and customer service, all focused on delivering an already defined product to the immediate customer.
- The only way you're going to have differentiation is by knowing people you're hoping to sell to better and sooner than everyone else. You get that knowledge by observing, learning, and thinking about the end user and viewing your own business from the end user's perspective. The starting place for any ideas about what and how to sell must be the final consumer of the product or service. What does he or she really want, need, and place on? How much is he or she willing to pay? Only then can you realistically segment markets, define the combination of attributes the customer prefers, and produce a differentiated customer experience.
- People at all levels of the organization must contribute insights into customers and consumers. Only then can you as a leader realistically shape the company's priorities: where will resources be withheld or spent? Which capabilities need to be developed and which dismantled?
- The clearest way to get a sense of what a customer chain aims to accomplish is to look at small businesses where the chain is only a link. Being inherently close to their customers, their proprietors develop intuitive skill bases in understanding customer needs.
- Companies such as GE share their own intellectual capital, such as knowledge of Six Sigma, to help customers improve their productivity. Strengthening their customers' businesses increase their buying power and cements relationships, which in turn generate useful insights.

- Successful retailers have been in the forefront of developing customer chains. They are the biggest practitioners of outside-in thinking, because it's both vital to their business models, and relatively straightforward compared with the challenge for industrial companies.
- This is even more so for astute internet marketers. Amazon is the leading exemplar. Using predictive technologies and proprietary algorithms, Amazon can virtually lead a customer by the hand to various stores within its online mall, reasonably confident that it's taking the person to a place, he or she would like to explore.
- It's hard to get everybody in a large business in to a customer chain. Organizational structures necessarily divide work into specialized functions such as finance, marketing, engineering, and so on. But what's lost in the division is the integration of diverse information and ideas that take place naturally in a small organization.
- Industrial companies have been slower to develop customer chains, but they're starting to catch on.
- The authors emphasize that creating a customer chain is not a marketing exercise. It is an essential element of looking around corners, total reorientation of the business to the realities of your customer base, involving all functional areas and organizational levels. Everyone in the business must understand the importance of gathering this kind of information and incorporating it into their everyday decision making.

Chapter 11. Getting Ready: How to Condition Your Culture for Reality

- The more change your organization can handle, the more freedom you have in adjusting your business model. You have to make your organization more capable of changing. You have to build in flexibility you will increasingly need by making your organization change-ready.
- There's a readily available tool that achieves the same results: the initiative.
- An initiative is a specific high-impact project that requires cooperation across the entire organization, such as enterprise resource planning, Six Sigma, or digitization.
- Properly designed, led, and executed, an initiative is a lever for cultural change- one that cuts through the intellectual clutter that so often makes culture change a vague, amorphous, and ultimately ineffective undertaking. It's a powerful technique for testing organizational capability and unearthing problems, because it gives you a picture of how people respond to the demands of change in a defined context- a sort of working model of the whole organization's functioning. It focuses everyone on a specific task, to be accomplished to specific standards in a specific time frame. If the initiative runs into trouble, it points out some things you have to improve.
- A successful initiative teaches an organization how to unite in action. The benefits are cumulative: the more often you run through the battle stations drill, the better everyone gets at it.
- So you start with the dual objectives of identifying the most important projects and building the necessary cooperation and teamwork to support the initiative. The initial projects, once completed, must have high impact so that the organization will gain the confidence and enthusiasm in the value of the effort and embrace a commitment to continue.
- Launching an initiative is one of the most important things a leader can do, requiring his or her total involvement.
- Leaders also have to make their commitment plain because initiatives often lead to new allocations of resources.
- Real results do not come from making bold announcements about how the organization will change.

They come from thoughtful, committed leaders who understand the details of an initiative, anticipate its consequences for the organization, make sure their people can achieve it, put their personal weight behind it, and communicate its urgency to everyone.

- A successful initiative is a major boost to organizational performance. A failed initiative, by contrast, is a leadership failure with long-term consequences.
- Initiatives have varying requirements and degrees of difficulty, and it takes a realistic understanding of the organization to make one work. If the pace of change is too fast, the initiative crumbles, leaving the organization dejected or cynical. Yet the pace can also be too slow. When that happens, people don't execute the initiative vigorously, and the business falls behind in its competitive efforts.
- Succeeding on a small initiative, no matter how simple, provides a foundation for the next. People gain confidence in knowing they can rise to the challenge. That makes it possible to introduce increasingly more difficult and complex initiatives.
- These days the most popular initiatives are moving operations to low-cost regions, streamlining the supply chain, and Six Sigma. These initiatives are being widely adopted because they aim squarely at the challenges so many companies face: reducing cost and improving productivity and quality.
- Other initiatives range from a variety of process improvements to analytical tools such as the balanced scorecard. Companies continue to devote considerable time to integrating technology functions through such programs as ERP and the acquisition of facilitating software.
- What's important is to pick the right initiative for your business. The improvements you choose must be guided by the priorities in your business model. The critical areas are the operating strengths and weaknesses that affect the business's ability to generate cash earnings over time – things like cost, productivity, profitable revenue growth, differentiation, speed, and quality.
- Whatever the choice, always be sure the initiative is something your people can handle and make sure you lay the groundwork.
- If an initiative is important enough to launch, it cannot be allowed to fail. This is where leadership gets very personal. The leader's follow-through is what keeps the initiative alive and encodes it into the organization's DNA. Leading an initiative requires intense focus, hard work, tremendous time, and endless physical and emotional energy.
- The more ambitious the initiative, the more deeply involved you have to be. There are four imperatives for the leader launching an initiative:
 1. *Learn the guts of the initiative* – The leader has to really dig into whatever approach or technique the organization is taking on. It means taking the time to master the basic principles. Key members of the business team also should learn the guts of the initiative. If leaders throughout the company don't grasp the initiative or buy into it, the implementation is not likely to work
 2. *Invest your time and energy in the initiative.* Knowledge of the initiative can help a leader decide whether to take it on, but once that decision gets made, there's no turning back. The time commitment alone explains why companies must be selective about which, and how many, initiatives to take.

3. *Pick the right people to implement the initiative.* Pick people who are enthusiastic but also functionally suited to the job and motivated to make things happen.
 4. *Be courageous* – Since important initiatives are likely to significantly change the way people operate, they can pose a major test of your strength and determination. Leaders must have the courage of their convictions to follow through, and they have to be both inspiring and unrelenting. People need to know that there will be consequences for not getting behind the initiative.
- A successful initiative is a great legacy for the future: when successive leaders keep the faith, companies gain strength as each person brings forth something new to the table.

Chapter 12. Leading for Reality

- Companies are full of people who are talented, hardworking men and women whose time-honored leadership qualities have taken them to the top of a business but nevertheless aren't adequate for the task now at hand. *Only the leaders who have the capacity to recognize reality for what it is have a good chance to succeed in the new environment.*
- The fact is that any business expecting to stay around in the new environment has to raise the bar for leadership. Some qualities will always be essential – things like discipline, integrity, maturity, and ego containment.
- Two leadership qualities have become absolutely indispensable today, and they aren't on the usual lists. The first is business acumen, more commonly called business savvy. The second is a need to know – a refusal to take anything for granted, and insatiable curiosity about what's new and different.
- *Business savvy.* People with business savvy understand how to make money. They have business models in their minds: they understand all three components of the model and their relationships. They have a gut feel for the external environment that enables them to identify patterns and trends likely to affect their businesses. They understand the strengths and weaknesses of their business's internal activities. They search constantly for the mix of financial targets that will be consistent both with each other and with the model's other components. They are driven to solve problems and identify opportunities. They measure their success by the satisfaction of knowing that they've met their financial targets. (This is repeated over and over – but worth the point it makes).
- People with business savvy also know that a fundamental simplicity underlies all of these details. They can then convey this simple understanding to those they work with.
- *The need to know.* Call it a permanently heightened state of alert, an understanding that you almost never have all the pieces of the puzzle. Something out there somewhere could affect your business, now or in the future, and you can't be satisfied until you find out what it is. The need to know is a relentless quest for the critical one percent of information that can make all the difference to your business prospects. It's the desire to see to the horizon and, to the extent possible, what might lie beyond. Leaders with this quality alternately look down the road to see what's ahead and over their shoulder to see who might be coming up from behind. Any leader who can learn how to use the business model will acquire the essential elements of business savvy.
- Those who also cultivate the attitudes and aptitudes of needing to know will be fully equipped to confront reality, and well on their way to being complete businesspeople. Together, these qualities give you the power to see the world as it is, not as you wish it to be, and to do what needs to be done, not what you necessarily would like to do.
- We mentioned that several traditional leadership qualities are more critical now than before. These

include intellectual honesty, comfort with ambiguity, self-confidence, and courage.

- If you have business savvy and the need to know, you're a good bet to have these other qualities as well: they come with the territory.
- Your grasp of the fundamentals of making money will help to keep you intellectually honest. Your pursuit of knowledge will condition you to accept the ambiguity of that which can't be completely known. You'll have the self-confidence to make the tough judgment calls. And you'll have the true courage to take whatever actions are necessary to increase the intrinsic value of your business, no matter how difficult or even contrarian they may be.
- Those who anticipate trouble and opportunity are always looking for new information. They want to hear what customers, suppliers, and people outside their own industries think. They know that they can never know enough; that they can't rely on past assumptions as guides to the present and future. They seek diverse sources of information, and listen more than they talk.
- Leaders who strive for reality don't shoot the messengers who bring bad news. They listen attentively. Indeed, they encourage people to challenge received wisdom. They constantly ask questions. They weigh the new information they get with intellectual honesty, and take whatever actions are required because of it.
- It's not just trouble they look for, but opportunities as well. Leaders who pay attention to all of the information, signs, and portents don't have to lean on conventional wisdom which is often apt to thwart the very actions that could make the difference between success and failure. Conventional wisdom is what you get when you rely on past solutions and listen to like-minded people, and it's one of the greatest challenges to realistic thinking. For leaders who recognize that a new reality is taking shape in real time, the past is only a prelude to what they need to do next. They devote their intellectual and emotional energies to broadening their understanding. They visualize scenarios – opportunities and threats, and they conceptualize.
- After making a decision to change, you must be tough enough to follow through. This means facing up to wrenching choices about people and resources, some of which will undoubtedly cause you emotional pain. People will resist for all sorts of reasons, and it takes strength to stay the course-especially when protests are vocal and emotional. Often you've got to be creative in forcing change.

Recommendation: This book brings clarity to business fundamentals. It demonstrates for all businesses that confronting reality is essential to long-term performance.

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About the reviewer: Frumi Rachel Barr, MBA, PhD

Many CEO's find themselves asking "What now?" to sensitive situations that only an experienced former CEO can understand. Frumi is brought in to solve problems and often remains to work with you, as your confidante and secret weapon. She has an uncanny knack of getting to the heart of your corporate climate and maximizing your team's performance, profitability and sustainability.

To schedule a free ***Break From the Pack to Success*** consultation email ceocondfidante@frumi.com or call 949-729-1577