



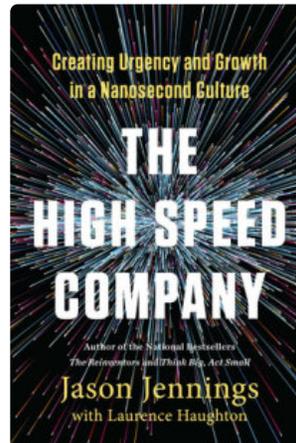
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Excerpt

From *The High-Speed Company*

Author **Jason Jennings** and **Laurence Haughton**



The High-Speed Company by Jason Jennings with Laurence Haughton

The bestselling author of *Think Big, Act Small* now explores how the most successful companies succeed by building a culture of speed.

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Doing Well by Doing Good Uniting everyone around a purpose that accomplishes something meaningful is your only chance at creating a culture of urgency and growth. Give people the *why* and they'll give you the *how*.

The “Shalls” and “Shall Nots” of Speed Blow up all the speed bumps by making certain everyone understands and is empowered to practice the shalls and shall nots of the enterprise.

The Immutable Law of Suckage The immutable law of suckage slammed the brakes on many once-great companies. Here are the rules for never getting to that point.

More Trust, More Engagement, More Urgency In a world weary from too much spin and dishonesty, transparency is the only way to gain trust, engagement, and urgency.

Reliable, Repeatable, and Durable When you systematize everything, from how the phones are answered to how sales calls are made to how the boss schedules her calendar, you create time to do what's important: quickly grow the business.

Exploration and Discovery High-speed companies have discovered that by being interested instead of interesting, they gain the vital knowledge required to quickly lead people to where they want to go and what they want to accomplish.

Create a *Cult of Engagement and Clarity* The problem with accountability is that all too many people believe that accountability is great... if someone else goes first. Here's the plan for creating a cult of engagement and clarity and getting everyone to take the leap together.

Keeping Fast People by Your Side Show people the road to prosperity and you'll crack the code on finding, keeping, and growing the right people and keep everything moving fast.

The Final Piece of the Puzzle Is there one thing that connects all high-speed leaders? Yes. This is the final piece of the high-speed puzzle

Introduction: Urgency and Growth

“We need to create a greater sense of urgency and get things done faster.”

Over the past dozen years, I've interviewed over eleven thousand CEOs, business owners, and highly successful entrepreneurs about their businesses and how they lead companies through good times and bad. One of the most important questions I ask them is “What's the biggest worry keeping you awake at night?”

The response is practically unanimous: Leaders worry about creating a sense of urgency in their organizations and operating quickly in an increasingly complex world. They want to create strong teams that are primed to handle any hurdle that comes their way and “get things done faster.”

To understand why creating a high-speed company is most leaders' biggest challenge—and best way to ensure business success—all you need to do is recall the story of two huge

companies: Sears and Kmart. Do you remember the glory days of Sears and Kmart between the sixties and 2000? Sears was “where America shops,” the number one retailer, followed by a surging Kmart in second place. Walmart was a distant third, not considered worthy of serious attention. I can just imagine the insiders from Chicago scoffing, “Those people are from Arkansas, for crying out loud.”

Watching those two retail giants over the past decade, however, has been like witnessing a train wreck in slow motion. Walmart surpassed Kmart and then Sears. Years of missteps spurred Sears and Kmart to merge into one company, where they completely lost their culture and urgency. Both their number of locations and their combined revenues have withered ten years in a row. As Sears and Kmart executives gather for their daily meeting with CEO Edward Lampert, they are plagued by doubts. “You never know what the plan or strategy is,” one anonymous executive shared in *Crain’s Chicago Business*. “What are we building? What are the criteria for success?” These once-lauded companies have taken big tumbles, thanks in no small part to operating as low-speed companies in an increasingly fast and complex world.

Meanwhile, Walmart has worked relentlessly to perfect a culture of urgency and growth using many of the strategies detailed in these pages. As of this writing, it’s grown to more than ten thousand locations worldwide and, with a half trillion dollars in annual sales, its revenues are fifteen times those of Sears and Kmart combined. Truly a high-speed company positioned to succeed.

Similarly, look to the trajectories of BlackBerry and Apple—another prime example of how only cultures of growth and urgency survive. Just a few years ago, it was hard to find anyone in business who didn’t have a BlackBerry. But the company, flush with a huge stash of cash, kept repeatedly delaying the release of the BlackBerry 10, confident its

stash of cash, kept repeatedly delaying the release of the BlackBerry 10, convinced its customers would wait and arrogantly stating the device's release would happen when the *company* was ready. The marketplace refused to wait, and Apple and Samsung swooped in to change the way the world communicates, selling billions of devices within a few years. J. K. Shin of Samsung and Steve Jobs and Tim Cook of Apple keenly understood the need for

urgency and led their companies to become two of the world's most valuable in record-setting time.

The number one priority for business leaders today is creating organizations that work with a fierce sense of urgency in our crazy-busy world and keep their eye firmly fixed on growth. All of my conversations with CEOs and executives identify that pain point—and what I've found, and will share in this book, are tactics for building the fastest, most adaptive, strongest organizations that are set up to succeed in this nanosecond environment.

STAY IN THE FAST LANE

In 2014 the consulting firm McKinsey published a report titled “Grow Fast or Die Slow,” an analysis of the fates and fortunes of three thousand software and Internet-services companies. The study concludes that companies that combine urgency and growth (groups growing 60 percent or more a year) deliver five times the returns to shareholders and are eight times more likely to reach \$1 billion in revenues. The report also confirms that companies that don't maintain that culture or that take their foot off the pedal have only a one in three chance of ever getting back in the fast lane. Even in the more forgiving sectors outside of high technology, a lack of urgency and growth is a death knell for organizations. Less than one in two companies get back on the growth highway at all after

they stall. Most are acquired, downsize, or go bankrupt.

Some people think that high-speed companies—those that have created a sense of urgency about getting to where they want to go—must be full of type A executives who force their staffs to tolerate incredible stress and be hasty, impulsive, and frantic. Nothing is further from the truth!

High-speed companies actually breathe easier, burn less energy, are never frantic, and get to the destinations they've chosen before the competition. Most have a lot of fun along the way. The key to their cultures of urgency and growth is that their leaders have figured out that speed is the thrill, exhilaration, and pride that comes with getting rid of the misguided things that most companies do that end up slowing them down and getting them stuck.

Real cultures of speed and urgency are able to do the following:

- Solve problems the first time rather than revisiting them again and again
- Keep good customers from defecting
- Empower the 70 percent of all employees who say they're not engaged or actively disengaged (per Gallup's "State of the American Workplace Report 2013") to start doing their part for the organization
- Allow people to admit mistakes rather than covering them up
- Encourage people to improvise rather than wait for direction from the top
- Reduce resistance to new ideas
- Get more cooperation and coordination across functions and titles
- Fill open jobs with people who like being fast
- Do all of the preceding simultaneously

— Do all of the preceding simultaneously

It's not easy to set up a culture ready to execute at this level. It requires stretching your organizational muscles in a way you might not be used to—but it's the only way to set your company up for success today. And the more deeply you integrate these high-speed practices into your company, the better prepared you will be for whatever lies ahead. After all, who do you think is more out of breath, exasperated, and frantic: the fast folks at

Samsung, Apple, and Walmart looking ahead to the next big thing in their industry or the people at BlackBerry, Sears, and Kmart worried about their jobs and the relevance of what their companies do?

BE FAST OR DIE SLOW

The digital revolution that's just beginning will continue to disrupt and wreak havoc on the traditional ways that *all* businesses have been led and managed. Eventually everything becomes a commodity and the marketplace sets the price. But now *eventually* takes days or months instead of years. Further, relationships don't count as they once did. "It's all about relationships and getting people to like you" was the advice given by the old-timers to newbies, and it worked well for decades. The global economic meltdown of 2008–9 and the subsequent microscopic scrutiny of every expense mean that no one can justify doing business with someone *just* because they're friends. To top it off, unless you're able to provide skilled workers a future filled with more challenging work, professional growth, and the rewards that go along with it, they'll leave and either join your competition or become your new competitors.

Unless a company—including yours—is changing faster on the inside than the world is changing on the outside, there's only grief on the horizon.

And know this: Being fast doesn't mean announcing you're going to change the world and

And know this: Being fast doesn't mean announcing you're going to change the world and then quickly renting offices, hiring a band of cool people, and generating mammoth buzz in social media. Being fast and building a culture of urgency and growth means finding, keeping, and growing the right workers and customers and consistently bringing in enough revenue to reward the people and the investors who made an investment of their time or money in the idea. It means proving you can meet your goals over and over again and showing the marketplace that you're not a one-trick pony.

OUR RESEARCH

These lessons about what makes a high-speed company aren't pulled out of thin air—they have been culled over decades of research into hundreds of thousands of companies worldwide.

Laurence Haughton,* my director of research and development, and I, aided by research teams of MBA students and various outside research firms like FactSet and Information On Demand, have evaluated the financial performance of 220,000 businesses, including every publicly traded company in the world, as well as the largest privately held companies in the world.*

Once a company's financial performance marks it as worthy of further study (and we've identified more than fifty thousand whose do) we begin gathering information about its structure, performance, longevity, leadership, and more. We build files and look for vulnerabilities that would disqualify it from inclusion in further research. Reasons for disqualification include being unable to verify financial performance; sudden and significant drops in revenue, profits, or market share; the departure of the leadership team that led the company to greatness; and credible accusations or lawsuits that call the firm's

that led the company to greatness, and credible accusations or lawsuits that call the firm's ethics into question.

Next we try to gain access to the company's CEO in order to conduct in-depth interviews. This sounds easier than it is. Getting inside these companies is the hardest part of our process; many companies and leaders are very protective of their processes and success.

But we're dogged and determined to find out what makes these winners work, so we cajole, call in favors, ask nicely over and over again, and appeal to people's sense of fair play. Eventually we get inside these companies (only two have ever shut us out and they went on to fail, which probably means they'd seen the handwriting on the wall and that was why they didn't give us access) and dig in deep to see how they really tick—and bring you those findings in our book. These pages are the distillation of everything my teams and I have learned about how great companies build cultures based on urgency and growth.

OUR PROMISE

My intention is that any business owner, senior executive, CEO, or entrepreneur be able to read this book and put its contents into practice to build and sustain his or her own high-speed company. Middle managers, without the ability to implement significant change in their organizations, will benefit greatly as well because these findings will prepare them to lead and build cultures of urgency and growth when the opportunity arises.

If you're ready to get to work and transform your business, I suggest you read the book from start to finish and do the fast tasks found at the end of each chapter before moving on to the next. Following the chapters this way and implementing the takeaways will ensure that you end up with a durable culture that thinks fast and moves faster.

That said, not all people necessarily start at the beginning of a book and read to the end. If you're faced with a particular business problem, you might prefer to review the table of contents and go directly to the chapter that addresses what's on your mind at that moment. We've arranged the book so that you can use the chapters as a series of applications as well: Find the one that speaks most to what you're dealing with right now—such as drilling down on your values, transparency, or stewardship—and get to work applying those takeaways to your organization.

Because I travel between two hundred thousand and three hundred thousand miles each year, I've watched thousands of people read books on airplanes, so this book is also designed as an airplane read. Open any page and you will find something: an inspiration, an insight, or an instruction for going from great idea to fast and flawless execution. This little book is filled with big stories and ideas, even bigger lessons, and a bunch of business heroes who will help you build your high-speed company.

If you put the principles contained in the following pages to work, you will end up with a culture of urgency and growth and be able to succeed in a nanosecond world.

My greatest personal happiness is helping principled people achieve their full economic potential. I hope this book becomes your trusted coach and cheering section all rolled into one. That's the spirit in which it was researched and written for you.

Jason Jennings
Tiburon, California &
Timber Rock Shore,
Michigamme, Michigan 2014

CHAPTER ONE

Purpose

This is the true joy in life, being used for a purpose recognized by yourself as a mighty one. Being a force of nature instead of a feverish, selfish little clod of ailments and grievances, complaining that the world will not devote itself to making you happy.

—George Bernard Shaw

DOING WELL BY DOING GOOD

“How did you do on the quiz, Mr. Jennings?” asked my always-prim-and-proper high school Latin teacher, Mrs. Anderson.

“Good,” I mumbled, though I probably hadn’t. I’d been too busy playing basketball the night before to study.

Mrs. Anderson scrunched her forehead and shook her finger. “Incorrect, Mr. Jennings. Superman does *good*. You did *well*.”

Fast-forward a few years to my first year of college. I was sitting in Economics 101 and Nobel Prize winner Milton Friedman was on the screen, scunching his forehead and shaking his finger just like Mrs. Anderson.

“There is one and *only* one responsibility of business,” he declared, “and that’s to make as much money as possible.” He was dismissing those who were promoting the then-new idea that a business had a social responsibility to do good. Business needs to do well, according to Friedman—not do good.

Believing that great leaders must focus on making as much profit as possible, do this any way they're able, and leave it to others to do good works creates a major obstacle for any business that wants to become a high-speed company.

Companies with a proven record of urgency and growth—from the smallest to the largest—have torn down that figurative wall between doing well and doing good. They know that creating a strong sense of purpose, tied into doing something good, gets people off the fence and into taking urgent action. These purposes are not the long, boring, unmemorable vision and mission statements of previous decades. Those “visioning statements” flopped, failing to arouse anyone (other than maybe the person or committee who wrote them), igniting no urgency or growth. Truly fast companies can tell you what they do and why they do it—and get you excited about it—in only a few words.

Groundbreaking research by neuroscientists that tests how our brain's chemistry guides action (such as that by Dr. Matthew D. Lieberman, professor of psychiatry and biobehavioral sciences at UCLA and author of *Social: Why Our Brains Are Wired to Connect*) concludes that we are motivated by a greater good to try harder, work faster, persevere longer, cooperate better, and control our least productive impulses. And it's not just our productivity; other studies, including research by Dr. Victor Strecher of the University of Michigan, Barbara Fredrickson of UNC Chapel Hill, and Steve Cole of UCLA, demonstrate that meaning from a shared good purpose also helps reduce stress and improves health. Doing good can and does buy happiness. Imagine what a company can accomplish if hundreds or thousands of people are united by a shared purpose.

Four Words That Made a High-Speed Company

Four words that made a high-speed company

One high-speed company that's built a culture of urgency and growth is, perhaps surprisingly, a bank—a big bank, one of those supposedly dark forces of evil that almost caused the world's financial system to crash. But Denver-based CoBank is the opposite of what we've heard about most banks and bankers. In fact, CoBank is so unlike conventional

financial organizations that CEO Bob Engel's playbook and the bank's accomplishments may be hard to believe.

CoBank is a nondepository, cooperative bank (like a credit union, it is owned by its customers) whose customers are agribusinesses; rural power, water, and communication providers; and other farm credit associations that serve more than seventy thousand farmers and ranchers. As a member of the U.S. Farm Credit System, CoBank supports the borrowing needs of agriculture and the nation's rural economy and does business in all fifty U.S. states.

With \$100 billion in assets, CoBank ranks right up there alongside familiar banking names like Morgan Stanley, Union Bank, and Goldman Sachs. The big difference between them is earnings. Morgan Stanley generates a profit of about \$65,000 annually for each of its 55,000 employees; Union Bank earns \$63,000 for each of its 10,000 workers; and Goldman Sachs earns \$235,394 for each of the 32,000 members of its workforce. By contrast, CoBank makes a profit of \$1 million per employee per year, almost half of which is returned to its member owners. Other banks with comparable assets average 12,000 employees each—arguably meaning that CoBank's 850 workers are twelve times more productive than those of the other big banks. According to *Global Finance* magazine, CoBank is the single safest bank in the nation. Further, unlike many other banks, CoBank's financial performance was not affected by the financial crisis. In fact, in 2013 it finished its

financial performance was not affected by the financial crisis. In fact, in 2013 it finished its fourteenth consecutive year of increased earnings. In little more than a decade, it has grown its assets by 300 percent and profits by 600 percent. CoBank has proven that with a culture of urgency and growth it's possible to maintain velocity for years.

So how does CoBank do it? How has it mobilized its organization to consistently hit great numbers and preserve a stellar reputation in a damaged industry during the toughest times banking has ever faced? In speaking with Bob Engel, I learned that CoBank's success is directly attributable to four simple words.

"We serve rural America," Engel stated with conviction. "We do well because we do good."

That's it? That's their purpose? I thought. When Engel saw me roll my eyes, he smiled. "Let me tell you how."

"Any time you respond to a higher calling," he said, "you have an ability to produce at a much higher level. The only way to get us mere mortals to perform at a better level and act with urgency is to have a purpose and create passion around that purpose. If a business doesn't perform at a better level, they're the same as everyone else, and being the same as everyone else won't allow you to continue to have fourteen consecutive years of growth and increases in earnings. It just won't do it."

If you spend a few minutes with Engel or any other member of the CoBank team, the idea that high-speed companies with cultures of urgency and growth have a purpose to do good becomes obvious. Every employee of CoBank can convincingly explain why they work there and what their job is: to serve rural America. Ask them to expand on this

purpose and each person offers up stories about funding loans so margin calls could be

purpose and each person offers up stories about funding loans so margin calls could be met, crops could be planted and cattle fed and brought to market or about how a rural telephone or water company was able to upgrade its vital services to rural businesses and communities because of a loan from CoBank. And they all know that this purpose is believed, practiced, promoted, and lived by the top brass, including Engel.

“There’s no question that the leader sets the rate of the pack and is the one responsible for moving the sense of purpose of doing well by doing good throughout the company,” said Engel. It’s not enough to just make up a purpose that sounds good, though. “There has to be authenticity to the purpose, it has to be true, and then you have to make certain that everyone you hire understands it and buys into it.” That’s the real reason so many once-great organizations stumble. Their leaders get lax, hiring the wrong people and allowing circumstances to compromise their original purpose. The purpose stopped ringing true for many at Disney after 1995, at AOL after the merger with Time Warner, and even at Starbucks, which eventually led to Howard Schultz’s returning to resume his role as CEO and to the subsequent greatest rising since Lazarus, which occurred because Schultz brought a purpose for doing well by doing good back into the company.

At CoBank, Engel takes pains to speak to every meeting of new associates about the thrill of serving and making rural America a better place. “I talk about purpose, why we all have jobs at CoBank, and about the higher calling we share,” Engel said, “and then I tell them that if they can’t wake up in the morning filled with a passion for serving rural America, which is what we do here, they shouldn’t stay. I explain to them that CoBank is not a good place to come and have a job. It just isn’t. It’s a place to come and do something much more meaningful than a job. I also tell them that it’s not for everyone.” As he tells every new employee, “Life is too short to spend your time doing something you don’t love. And if you

don't love it, and you don't feel passionate about it, don't waste your time. But if you love serving rural America, you're in the right place.”

Purpose Attracts and Ignites Everyone

Susan Vassallo, communications VP at Henry Schein, Inc., agrees with Engel on the power of purpose to attract and ignite. “It sounds corny, but I find that millennials don't want to work for just anyone,” Vassallo told me. “They want to know there are good people doing good things at the company they're going to work for.” Her company is another high-speed company that does well by doing good and expresses its purpose in only a few words: *advancing health care for all people*.

On the surface, Henry Schein is the world's largest distributor of health care products to dental, medical, and animal health practices. Scratch the surface and you'll find that the company, with almost \$10 billion in annual revenues and more than 800,000 clients, actually provides a portfolio of solutions that allows health care providers to select the right supplies, software, equipment, pharmaceuticals, and vaccines. The company, recently named one of *Fortune's* “most admired companies,” ranks at the top in its sector, dominating with a number one rating in all nine of *Fortune's* measured attributes: innovation, people management, use of corporate assets, social responsibility, quality of management, financial soundness, long-term investment, quality of products/services, and global competitiveness. This distinction, according to Stanley Bergman, Henry Schein's CEO and chairman, “just proves again that a company can do well by doing good. And I'm quite surprised more companies don't see the connection.”

Schein initiatives like Give Kids a Smile, a partner program with the American Dental

Some initiatives like Give Kids a Smile, a partner program with the American Dental Association that's provided free dental treatment to more than 400,000 underserved children, and Prepared to Care, a fast-response program to global disasters that was first on the scene with supplies after 9/11 and Hurricane Katrina, make employees, practitioners, and manufacturers proud to be engaged in their purpose. "When I go to meetings with our people, I see they love our culture and believe in our mission, to advance health care for all people," Bergman explained. "My biggest thrill is knowing that if we can keep our culture we'll never have to worry about our financial performance."

"Health care providers all have a calling, beyond material success, to do the right thing for society," said Steve Kess, VP of global professional relations at Henry Schein. "In the past five years, we've acquired about two hundred companies globally, and when we go in, one of the ways we make it bigger and better is through our Henry Schein Cares initiatives. For example, we acquired a company in Germany, whose health care economic model is very different, more government provided. Still we found there are many niches where the need is greater than the government provides, so we empowered and facilitated programs that close those gaps. It both helps morale and helps the business grow. Doing good helps us do well."

As CoBank, Henry Schein, and hundreds of other companies of all sizes and across all industries prove, the first step to building an organization with a sense of urgency is identifying a purpose that attracts, unites, ignites, and fuels people. That purpose needs to address doing good outside the company with the inferred promise that benefits will accrue to those inside the company as well. You need to express this purpose in as few words as possible—preferably a dozen or fewer—so people can react, remember, and hopefully tell others and get them excited. If it takes more than a dozen words to explain why what you're doing is good, it will be hard for anyone inside your company, let alone

why what you're doing is good, it will be hard for anyone inside your company, let alone outside, to remember the purpose, and you'll miss the opportunity to evoke a strong emotional connection between your company's work and doing good in the broader world. A purpose makes it clear to everyone why your company does what it does and whom and how it helps.

Feeding the Soul



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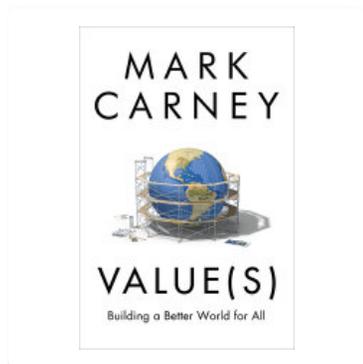
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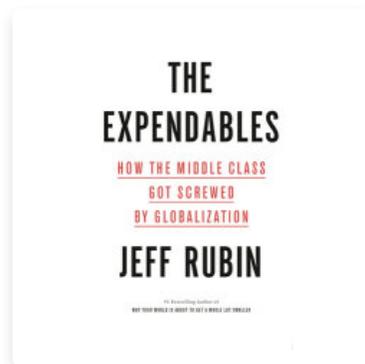


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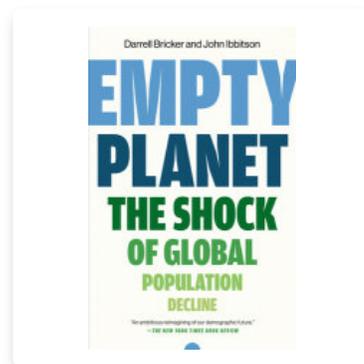
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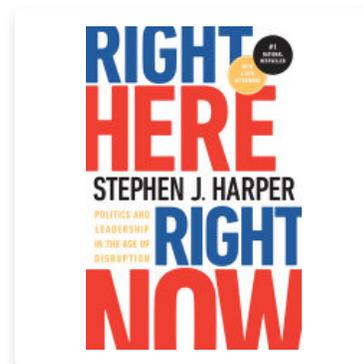
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