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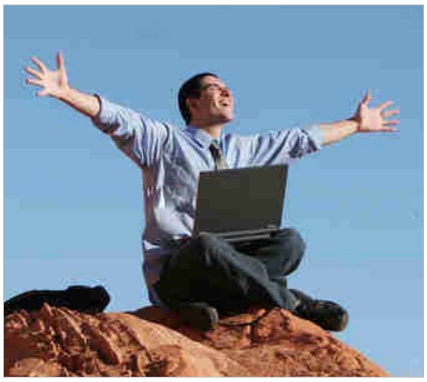
MANDAT GROWTHLETTER®

Growth Focus: Passion

CEO-Tip
of the Month

by Guido Quelle

Passion, Not Facts



What do the following statements have in common?

- o "Next year we want to achieve 7.5% growth."
- o "We have to bring the EBITDA back up to the 12% mark!"
- o "The return on our capital can't drop below x%!"
- o "Our turnover growth has to reach double figures next year – at least 10%!"
- o "Next year we're going to push product XY on the market, so that it makes up at least 15% of our turnover!"

First of all: All five statements have measurable targets. Second: All five are realistic statements from realistic everyday operations.

And third: All five statements are completely unsuitable for even starting to harness the growth energy in your company.

You've heard me say it before and I'll say it again: profitable growth is the result of taking the right actions. Profitable growth isn't a cause; it's an effect. The statements above, which I've often heard used with the intention of motivating staff, are all unsuitable for getting ideas across. The last of the five is probably the "least worst" of all these empty sentences.

Like it or not, as a CEO you have to be in a position to turn the targets and business goals expressed in the lines above into content that your employees can discover and implement for themselves in their respective duties. Quantitative factors are not suitable for creating drive, let alone passion.

Flight attendants from Singapore Airlines will always tell you how proud they are to work for the airline; they may well tell you about the 160 trainings they've done in three months, and they will also tell you that they can only do their job because they love it. They will say that they see their passengers as friends, not as strangers, and that they enjoy accompanying these "friends" for a few hours—and if problems arise, they're happy to solve them. This attitude can't be ordered "from above," it can't be taught and you can't put a number on whether you have this attitude or not. Despite this, are these flight attendants aware of the competition? Of course! Try asking them sometime—you'll be amazed.

Employees at the Four Seasons Hotel in Hong Kong didn't need any instructions when, recently, a guest asked for a glass of water with ginger and they didn't have any ginger on hand. They immediately sent someone to the market to buy some. This kind of service mentality isn't the result of orders, and profitability isn't an issue here.

What are you doing to help your employees discover a passion for their job, to translate that passion into content and to sustainably shape that content into profitable growth? Guiding your employees could turn out to be the most effective tool in your repertoire.

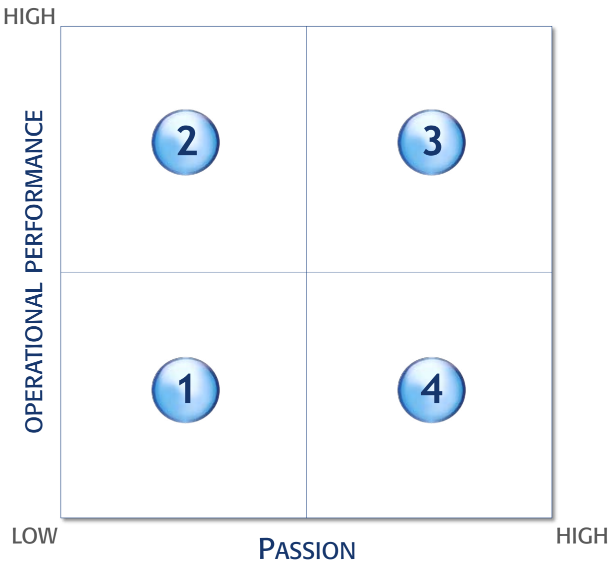
Strategy & Leadership

by Guido Quelle

Passion and Performance

When we talk about performance, about operational results, our viewpoint is often one-dimensional. But performance is influenced by various factors, and one of them is the passion with which strategies are formed, concepts are forged and tasks are done. This article takes a simplified look at the correlation between and passion and performance. Though each can exist without the other, if either is missing, it raises the question of how to deal with the situation at hand.

If we look at the relationship between passion and performance in terms of "high" and "low" levels, we arrive at the following figure. Which square fits you best?



Square 1: low passion, low performance.

Obviously, this is a dangerous situation, in which the main problem isn't the lack of passion, but far more the fact that if the lack of performance persists, there is a danger of the firm disappearing from the market altogether. The aim here must be to achieve a no-frills turnaround as quickly as possible. And, in the turnaround phase we can make up for things that have been neglected or forgotten. A turnaround is a great opportunity to lay the foundations for passion, so only employees who feel passionate about the company (and who are productive) should be kept onboard to fight zealously for the company's survival; and once the race against the clock has been won, the team will have grown closer together. Not a bad side effect of a restructuring, as we tend to call it these days.

Square 2: low passion, high performance.

This is the situation we encounter most frequently in our work. The company is performing reasonably well, but identification with the company, not to mention the passion with which the work is done, is low. The company could be fairly blasé about this; after all, the employees – except for a few trainees – are all adults, and can decide for themselves how they do their work, with or without passion, as long as they get it done. But this is too simplistic, and the precariousness of the situation is obvious: lack of identification with the company makes employees more likely to leave, staff turnover rises, and simply performing tasks "mechanically" without a sense of purpose or emotional involvement means that the potential for higher productivity suffers, not to mention the potential for innovation. In this situation, the (relatively) high level of performance diverts attention from the real growth obstacles.

Square 3: high passion, high performance.

This is another square that doesn't take a lot of thought, right? The ideal situation: You're making a good profit, and everyone is working passionately for it. But wait a minute: This situation may be growth oriented but it's deceptive, since passion can't be taken for granted – it has to be nurtured. If the management realizes this too late, the company may not only slip downwards (square 4) or to the left (square 2) but also into square 1. When this happens, it often goes unnoticed at first, and only becomes apparent when it's too late to quickly stop the change. How can this be avoided? By the management constantly reminding itself that extrinsic motivation is pointless and that motivation and passion come from a combination of autonomy within fixed boundaries, meaningful work and attentive management, along with a sense of togetherness. If leaders bring this into their daily work, the company can remain in square 3 for a long time.

Square 4: low performance, high passion.

Is this possible? Of course! We describe companies that find themselves in this situation as "non-directionally led" – if they are led at all. They present the observer with a certain "playground," where both readiness to grow and energy are abundant, but are wasted because of a lack of direction. The management is simply doing a bad job. The situation in square 4 is comparatively short lived, since the company either slips into square 1 after a short time, and faces a slump that threatens its entire existence and which no one can understand; after all, everyone has given their best. Or the management concentrates on the task at hand and lifts the company into square 3. It's a difficult balancing act often determined by the resources available. The more serious the financial situation becomes, the more the company will slip toward square 1.

Which square is your business unit or company in? And what does that mean you need to do?

Profitable Growth—Release Internal Growth Brakes and Bring Your Company to the Next Level

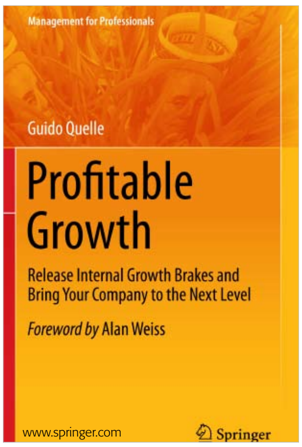
Almost every company wants to grow—at least officially. Shareholders are demanding further growth and no management team would deny that the growth of their company is one of the top issues they are working on every single day. However, there are barriers to growth, and these are not only external barriers. Most often it is not the economy, not the market and not the customer who just "hasn't got it." The main barriers can be discovered inside every company, because growth always comes from within. If the organization is not ready to grow, initiatives to increase market share, to enter new markets, and/or to increase profitability are destined to fail. This book systematically addresses the main internal barriers to growth and provides practical guidance not only for discovering these barriers, but to systematically overcoming them.

Content

- Innovations as Motors of Growth
- Is Your Organization Ready for Growth?
- Conceptual Expertise of Marketing
- The Growth-Driving Sales
- R&D as an Innovation Plattform
- How Strategic is Your Purchasing Department?
- The Role of Support Departments in the Growth Process
- Non-Profit Organizations
- The Most Effective Strategies for Blocking Growth
- The Motor of Growth

Author

Professor Dr. Guido Quelle, "The Growth Driver," is one of the rare people worldwide who focuses on creating profitable and sustainable growth as an entrepreneur, consultant, author and speaker for more than 20 years. His clients are active CEOs, general managers, senior executives, and entrepreneurs who are committed to consistent growth. With his consulting firm, Mandat GmbH of Dortmund, Germany, he successfully conducted more than 350 projects with 120+ renowned private and listed companies. More than 5,000 people were involved just in those projects that he himself managed. Prof. Quelle is always in demand when companies are seeking the support that will enable them to continue on a course of sustained profitable growth.



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"The nuance that distinguishes this book is the orientation that growth is measured, planned, and pursued in an orderly fashion, never growth for growth's sake. Guido wisely takes the reader through a strategic approach which leads to intelligent tactics, not a frenzied tactical charge that undermines strategy."
Alan Weiss, PhD, President Summit Consulting Group, Inc., Author Million Dollar Consulting and The Consulting Bible

Imprint

Dortmund:

Mandat
Managementberatung GmbH
Emil-Figge-Straße 80
44227 Dortmund
Germany
Phone: +49 231 9742-390
Fax: +49 231 9742-389
info@mandat.de
www.mandat.de

London:

Mandat Consulting Group
Level 17, Dashwood House
69 Old Broad Street
London EC2M 1QS
United Kingdom
Phone: +44 207 256 4257
info@mandat-group.com
www.mandat-group.com

New York:

Mandat Consulting Group
The Seagram Building
375 Park Avenue, Suite 2607
New York, NY 10152
United States of America
Phone: +1 212 634 7466
info@mandat-group.com
www.mandat-group.com

Managing Partner:
Prof. Dr. Guido Quelle

Commercial Register:
District Court of Dortmund HRB 8803

VAT NO.:
DE 124727551

Editor Mandat Growthletter®:

Prof. Dr. Guido Quelle
guido.quelle@mandat-group.com

Assistance Mandat Growthletter®:

Nadine Müller
nadine.mueller@mandat-group.com

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