

DAVID GOLDSMITH
with **LORRIE GOLDSMITH**

Paid to **THINK**

A leader's toolkit for redefining your future.

CHAPTER 2 - RETHINKING



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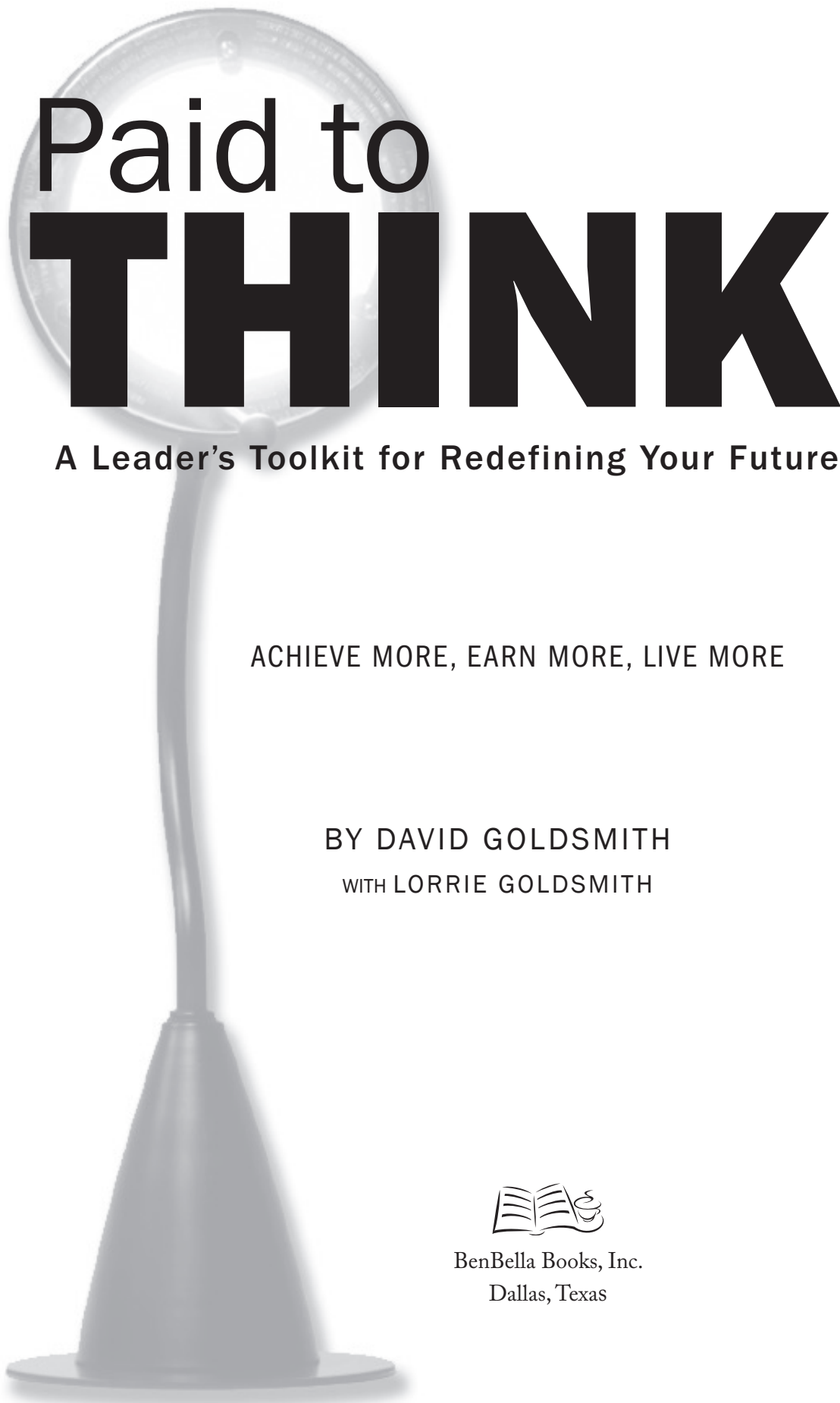
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Paid to **THINK**

A Leader's Toolkit for Redefining Your Future

ACHIEVE MORE, EARN MORE, LIVE MORE

BY DAVID GOLDSMITH

WITH LORRIE GOLDSMITH



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To my wife, Lorrie, my love of 26 years,
thank you for everything. There are no words to describe
what you mean to me.

∞ DAVID

To my sons, Adam and Jake,
I wish for you love, happiness, and experiences
that will enrich your lives as much as you have mine.

∞ DAD

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RETHINKING

EVEN THE BEST LEADERS CAN benefit from adopting a new perspective or expanding upon an old one. Take, for instance, Sheila, an attorney who works as the head of marketing for a multinational legal firm specializing in intellectual property. Intelligent and progressive, this perpetual learner would be an asset to any organization. Yet, even she admits that it wasn't until after rethinking some of her perceptions about managing a team of global subordinates that she was able to identify opportunities and solutions as readily as she does today.

Sheila explains an incident during which she received an e-mail from a subordinate who blamed his late assignments on the constant crashing of his computer. She had become instantly annoyed, because the computer issue had been ongoing for months, and Sheila was being pressured by upper management to turn around work for their clients faster and on time.

"Why can't this guy handle even the simplest of tasks on his own?" she thought. "After all, I oversee this entire department, I've got reports due this afternoon, the meeting on Friday to prepare for, and now this? I don't have time to hold Marty's hand today." The more she thought about it, the more Sheila couldn't understand why he couldn't just solve his own challenge.

All the managers in Sheila's division had been under a lot of pressure to do more with less lately, and this incident was just adding to the pressure. Looking back, she couldn't identify where the problem originated, since the firm provided seemingly adequate training, positive reinforcement, and incentive programs.

Moments later, her boss walked into her office and closed the door. “Sheila, I want you to take a look at this. It’s some information about a new software program that can consolidate data from accounting and sales. The rep I just spoke with estimates that you could shave between seven and twelve hours a week off your number-crunching time. Take this file home with you tonight, and let me know what you think about it in the morning.”

Instantly, she was excited at the prospect of saving that much time in a single week. “What I could do with that kind of time! This thing could really take some of the pressure off.”

In that moment, Sheila had a sudden epiphany that gripped her with guilt. Her boss was presenting her with a tool to make her work life easier. How many times had she overlooked opportunities to do the same for *her* subordinates? She would have to rethink her approach to solving Marty’s challenge.

A simple upgrade to Marty’s computer—an action that she, not Marty, had the authorization to approve—would result in more projects being completed on time. Sheila picked up the phone and called Marty. “Let’s talk about this problem you’re having with your computer.”

Within days, Sheila had solved an ongoing challenge by rethinking. In this instance, by focusing her attention on systems and structures rather than on employee performance alone, which is more often than not a leadership reaction, Sheila could see more and better options for solving her challenge. Every leader can open more doors of opportunity by rethinking their beliefs. Rethinking expands your scope of mental options, jars your habitual thought processes out of their ruts, and awakens your mind to new possibilities.

Challenging Your Current Viewpoints

Let’s explore and challenge a few concepts that you may have accepted as conventional wisdom but that aren’t necessarily working in your favor. As you engage in rethinking, you will make immediate sense of some of these new perspectives while others will require you to take longer to digest and assimilate, simply because they may run counterintuitive to beliefs you’ve held about leadership and management. Taking the time to accept and integrate new ideas is always one of the challenges of learning something new, but as long as you’re present and open, you will complete this book changed, improved, and empowered as a better leader and manager.

It’s time to prep your mind and open pathways for new ways of thinking. These rethinking concepts will come back into play in upcoming chapters, some of them playing a critical part in key Enterprise Thinking tools and activities.

Rethink Your Assumptions about Leadership and Management

Do you think of yourself as a leader or manager? Typically, people associate themselves more strongly with one or the other because of the specific characteristics they apply to each title. Yet if you were to closely consider the responsibilities of each—managing people, selecting projects, weighing in on budgets, prioritizing, developing strategy, working relationships, innovating, and so on—you’d see that in reality, if you hold a decision-making position, you’re both a leader and a manager.

Former AARP CEO Bill Novelli once told me that he had 120 managers on his leadership team. His use of the integrated terminology—calling managers leaders and vice versa—was a display of Novelli’s understanding that there’s an interconnectivity between how leaders manage and how managers lead. Without understanding the functions of both roles, no one could do their job well. Try to manage a group of people without leading them, and you’ll get nowhere fast.

Over the years I’ve seen how even the best and brightest decision makers unconsciously allow their stereotypes and assumptions about leadership and management to impede their ability to achieve. This belief that the two disciplines are different developed over the course of several generations, almost by default. But if you were to see how we arrived at the point in which we work today, we would better understand how to reverse our success-blocking thoughts and how to incorporate the best features of both roles into our day-to-day lives.

Both leadership and management have very different roots in history. In Western civilization’s early history, leadership played a role in large organizations, which primarily consisted of religious groups and militaries. Prior to the 1870s, when 26,000 workers built the U.S. transcontinental railroad, very few large private commercial organizations even existed. Educated people typically had military experience, so they were versed in the intricacies of leadership, not management, where leaders were expected to play a hands-on role, accompanying their troops onto the battlefield and guiding their forces through missions.

Circumstances forged the leader’s methodologies. Mobilizing large forces with limited means of communication and travel meant that leaders had to plan strategies and tactics well in advance since unexpected needs weren’t likely to be met in real time. If the leader and his group traveled by horseback for a couple of days to reach a battle site, they couldn’t radio home base for reinforcements or to complain about sexual harassment within a particular unit. Everyone had to be battle ready. Planning tools—like Julius Caesar’s battlefield simulations played out in a sandbox—prepared the leader and his troops. So, historically, leaders were actively engaged in developing strategy and guiding others through tactics.

Then management entered the picture. Although evidence exists that management techniques were employed by the Egyptians⁸ as far back as 4000 BC, we

consider modern-day management to be little more than a hundred years young, coinciding with the emergence of industrialization.

Modern management principals and technological advancements have their purpose, and they have improved leadership in many ways, but they have had a negative effect on leadership, too. For one, management has often clouded the role of the leader and weakened it. When managers entered the scene, leaders moved from their on-the-field command positions to the seclusion of the executive office, rendering many (though certainly not all) decision makers out of touch with the realities that challenged their organizations. This is still the case today.

For example, one director of operations (DO) for a national association explained that she is overwhelmed by the barrage of demands placed on her by the president to whom she reports. The president reminds the DO and her colleagues regularly that it's his job to come up with ideas, and it's their job to make them happen. However, he doesn't follow through on creating winning strategies, and he is never present to assist and guide others as they execute on tactics. Because of his perceptions about leadership and management, he gets in the way of his organization's ability to succeed.

The pendulum has swung too far in any one direction; the mindset of leaders being in ivory towers and managers working the front lines needs to change if we want to make our organizations stronger and more effective. Regardless of their titles, decision makers need the skills of both disciplines, and I use both terms interchangeably throughout the book to refer to anyone in a decision-making role. Enterprise Thinking integrates these skills and gives you the tools and instruction to act on them.

Rethink Your True Value to Your Organization

Have you thought about what your greatest value is to your organization? There may be times when you have to do some hands-on or labor-intensive tasks, especially if you're part of a small business or volunteer organization, but if you are a decision maker, your greatest value comes not from your hands but from your mind. You weren't hired to put out fires, to jump into the trenches and work alongside your employees, to make your team feel loved, or even to charm the board of directors. You have no doubt found yourself participating in these activities from time to time, but your true value comes from your ability to develop successful strategies and to ensure that all organizational resources—internal and external, human, tangible and intangible—are orchestrated to reach desired outcomes. Whether you're establishing alliances, leveraging technology, or empowering others, your job is to continually improve how you make decisions from the 50,000-foot perspective. Part of your job

is also to develop thinking skills in others, as this is key to building leaders who can take the organization into the future.

Likewise, in looking at where your value lies as a leader, you also should consider what doesn't provide value. In your role as a decision maker, you don't want to confuse busyness with providing value. Often we can feel that if we're not physically busy, then we must not be making progress. However, busy for the decision maker is different than it is for the frontline worker such as a production line employee or a volunteer working at a blood drive. You might perform some tactical duties, but your busyness is focused on thinking activities like strategizing, planning and overseeing projects, and building alliances that support your strategies.

During an August 2009 airing of the public television program *CEO Exchange*, Symantec Corporation's chairman and CEO John W. Thompson showed that he recognized his true role as leader of the company. An interviewer asked Thompson if he saw technological advances as being a threat. "I view all of them as an opportunity," he responded. "It may force us to reconfigure the way we think about our business, but that's what I get paid to do as a CEO."⁹

The leadership team at New York's Paulson and Co., a leading hedge fund, knows the value of thinking, and the firm's track record, which includes the successful leveraging of the 2008 financial meltdown, illustrates how well thinking can pay off. Senior Vice President Michael Waldorf ensures that operations at Paulson and Co. are running smoothly so that the firm's leader, John Paulson, has time to develop effective strategies—like the one he created to short subprime lenders and generate \$17 billion in profits for clients in 2007 and again in 2008. Although your organization will have its ups and downs from one year to the next, having decision makers who understand the value of thinking will bring more ups to the table.

Peter Blake, the CEO of Ritchie Brothers, a world leader in the auctioning of heavy-duty construction equipment, understands that his job is to think, and his days are filled with the types of "busyness" that feed his thinking and improve his decision making. Responsible for managing a firm that grosses \$3.2 billion in sales, Blake still takes time to host regular "Eat-with-Pete" luncheons, where employees throughout the company can share their problems, issues, and ideas with their CEO. These discussions trigger Blake's own thinking, as he and his team develop strategies for the firm's future. While Blake doesn't hesitate to pick up garbage as he walks in through the parking lot, help set up for auctions and meetings, or sit in on important sales calls, he knows that thinking is how he provides value to Ritchie Brothers and maintains its success as a market leader.

Knowing your value—and how it's tied in with thinking and developing thinking skills in others and not with physical busyness—helps you determine where best to expend your time and energy.

Rethink What Constitutes “Winning”: The Benefits of Winning by a Nose

Many decision makers put a lot of pressure on themselves to come up with the next killer idea, believing that they have to wow customers, prospective employees, or other stakeholders in order to win sales, key talent, or other advantages for their organizations. But you don’t always have to reel in the “big fish” to enjoy great rewards. In fact, more often than people realize, great rewards don’t necessarily come from earth-shattering factors. Instead, they are oftentimes the result of minor factors that cause us to win or lose “by a nose.”

In case you are not familiar with the terminology of winning or losing by a nose, let me explain its origin. Have you ever seen a horse race in which one horse won by the narrow margin of inching his nose over the finish line before the second-place horse? This horse achieves a win by a nose (WBAN)—and his stakeholders go home with a huge pile of cash—while horse number two loses out on the big win by a nose.

Organizations can win and lose by a nose, too. And whether it’s losing by a nose or by a long shot, you’ve still lost the prize. When you go out on a sales call and you lose by a nose, you lose the whole sale as well as everything you invested in pursuing it. These by-a-nose defeats can pack a major punch to your organization or career. Take for instance Common Councilor Michael Heagerty of Syracuse, New York. He needed 335 valid signatures on his petition to run for reelection on the Democratic Party line, a generally routine task for any incumbent. He was mortified to find that he ended up one signature short . . . and that *he* forgot to sign his own petition.¹⁰ The spot on ballots where Heagerty’s name was supposed to appear remained blank for the election.

WBANs are powerful, whether you’re talking signatures or votes in politics, artillery strikes in military battles, sales in businesses, public perception or funding in nonprofits, or countless other circumstances related to every other type of organization. They are, in fact, so powerful that they can mean the difference between life and death for people, careers, organizations, movements, cultures, and countries.

In your organization, you need to look at all areas and all factors that could potentially make or break a success. Also remember these two principles:

1. *A micro adjustment can determine a by-a-nose win or loss.* A micro adjustment can determine a by-a-nose win or loss. Space Exploration Technologies (SpaceX), founded by native South African Elon Musk who also founded PayPal and Tesla Motors, exists for “space exploration and the extension of life to multiple planets”¹¹, putting satellites in space at a fraction of competitors’ costs. Its first two \$6-million rockets failed on launch, and the third suffered a loss-by-a-nose at an altitude of 217km when a single line of code did not allow enough time for “commanding

main engine shut down and stage separation.”¹² In other words, the fate of a multi-million-dollar project rested on a single line of code within a rocket’s millions of lines of code, a simple loss by a nose.

2. *A by-the-nose win or loss can dramatically change your outcomes.* Russell, a manager from Bayer Healthcare Pharmaceuticals, was responsible for a team of eight sales executives covering the eastern part of the United States. On the West Coast, another Bayer sales manager headed a team of nine. Russell told me how each year Bayer gives a bonus to the team that best meets or exceeds budgeted revenue goals. One year, Russell’s East Coast team was excited about coming in at 108.3% of a budget running in the hundreds of millions of dollars in revenues. Then, the numbers came in from the West Coast. At 108.7% of budget, the West Coast team had eked out a win by a mere 0.4%. The narrow loss robbed each member of Russell’s high-achieving group of a \$25,000 bonus: a big hit for a job with an annual average salary of about \$80,000.

Consider if you were able to land a few more of your lost wins. If you had just one more sale per day in a retail shop, one more home sold per month in real estate, 1% more of your customers saying “Yes!” These small improvements can snowball into huge results.

Take, for example, a bid by your organization on one hundred jobs a year. If your staff wins half of them, you might be able to accept twenty-five of the lost bids as bad matches for your firm—too small or big, unrealistic delivery dates, not profitable enough, etc.—but what about the other twenty-five losses? Perhaps you lost them by a nose: a botched detail perhaps, or a deadline missed by an hour. In one true incident, a client of mine named Rich said he lost a sale, because a competitor put the prospective buyer’s logo on a proposal, and Rich didn’t. Imagine getting the phone call saying that the only advantage your competitor had over you was that his placement of a logo showed that he “cared more.”

Do the math. If you had won just 10% more of the contracts you had lost, what would your world be like today? Remember you’ve already done all the traveling, mock-ups, research, and proposal work. If you’re going to invest the time, energy, and money into an endeavor, you might as well walk away a winner, even if the win is only by a nose, because micro wins can result in huge changes. One client mentioned that if he won 10% more of his contracts, he would not have enough project managers to handle capacity nor would he be able to manage the cash flow of his \$3 billion organization.

Here’s another example. Suppose you put measures in place to make it possible for your production department to ship just 20% of goods a single day sooner than you do now, and the time compression grew your bottom line by 4%. With

that success, you might now be in a position to fund a project that could grow the bottom line by an additional 20% next year. The big-picture solution is to continually rethink current beliefs to bring new opportunities for growth and rewards into view.

Rethink Your Belief That People Hate Change

Why do we constantly hear that people hate change, when there's evidence to the contrary? After all, people love receiving pay raises, moving into their dream home, welcoming the arrival of a new baby, and finding a fun, new restaurant to frequent. And no one from Oprah's audience¹³ complained when she gave them a car, even though that was a "change." In actuality, people don't repel *all* change, only change that is negative—and in some instances when change is perceived as negative because it simply wasn't expected.

Though it seems obvious that you need to manage the changes that take place within your organization so that they produce favorable outcomes, this feat can be easier said than done. That's because the changes people hate and resist—negative and unexpected changes—are the ones that are most common in organizations: modifications to a benefits program that make paychecks come up twenty dollars short, a new computer system that requires overtime hours to work out the kinks, an additional weekly meeting added to the schedule that takes away time from other tasks, and so on.

Years ago, a state-run environmental conservation organization replaced its manual process of administering hunting and fishing licenses with a computerized system. The new system cost \$15 million and initially extended patrons' wait time from twenty minutes to five hours and fourteen minutes. Imagine dealing with those customers. If you worked at this organization, how receptive would you be to the next initiative? Change is necessary in organizations—without it, organizations stagnate and die. So despite resistant workers, as a decision maker you have to forge ahead with making the upgrades and improvements that sustain and grow your organization. Understanding why people resist change and which types of changes they actually hate will help you do the job your organization needs and achieve targeted results. The first step is properly rolling out the change.

When you know how to introduce change and how to follow it through so your group achieves more gains with fewer pains, change can become a welcomed friend within your organization. Picture this: Kyle is a midlevel manager who picks up some ideas at a conference and decides to use them to develop a new initiative that he thinks may improve his organization. He pulls his team together to tell them the details of his plan. His team is not receptive to the change, because Kyle has a history of poor follow-through and for not thinking through projects well, and his staff

is already overloaded with projects and will not receive extra pay for the late nights they'll have to work to complete this new initiative on time.

Let's change the story. After Kyle attends the inspiring conference, he doesn't rush ahead to tell his staff, but he lets them do their jobs while he takes time to think and to select one best idea from the many he came away with from the conference. Kyle gains input and ideas from a few coworkers as he develops a realistic plan.

After a week of refining the details, Kyle invites one coworker, Mary, to manage the project. He has calculated the ROI as \$200,000 for the next three years and he explains that if Mary's project comes in on time and on budget, he will reward her with a salary increase of \$2,000. Mary manages the project, and because Kyle has given her the supplies she needs and the right balance of freedom and direction to succeed, she finishes it a few weeks early, bringing additional benefits to their organization. In this scenario, Kyle, with Mary's help, has a Wildly Successful Project (WSP), and if this is Mary's first experience with Kyle and his projects—versus an experience of him lacking follow-through and failure with projects—she's going to be more receptive to changes initiated by him in the future.

Let me define what I mean by a Wildly Successful Project. A WSP is a completed project that demonstrates a manager's ability to deliver results that extend beyond normal expectations and causes others to take notice. Typically, WSPs come from projects that others consider to be undesirable or challenging to pull off, not necessarily projects that are fun and easy to perform. For example, say that you're on the board of an association whose president is looking for someone to tackle membership recruitment. You volunteer for the project at a time when no one else is willing to take on this huge challenge. Although you accept the responsibility of increasing membership by 10%, you actually achieve a 230% increase by improving your association's product offerings, rolling out more attractive membership packages, and redirecting publicity to active members. By proving yourself as a person who delivers on challenging projects, you have added a WSP to your track record. Opportunities for completing WSPs are boundless: completing projects that enable your organization to gain a foothold in an emerging market or that turn around a money-bleeding social program would be considered WSPs, in contrast to average projects that are easy to do or that don't present outstanding outcomes.

Like Kyle, you want to establish a track record of WSPs, because projects of this caliber do more than earn profits or funding. They also earn the confidence and trust of all organizational stakeholders, from the boardroom to the front line and from the managers on staff to the allies and colleagues external to your organization.

When you are known for your WSPs, you can more easily gain buy-in on future projects from the stakeholders who play a role in your success. If Kyle were your manager and he helped you succeed on past projects where the rewards involved

promotions, awards, projects for your resume, or cash raises, how likely would you be to approach Kyle and *request* to manage more projects in the future? Is *your* group excited to take on more work? Do they come to you and ask for more work?

The kind of change that managers and leaders like Kyle introduce is both expected and positive. And people love this kind of change.

Rethink Your Concerns about Doing More with Less

If you feel you're being expected to do more with less, you're certainly not alone. "Employers are looking for ways to accelerate their business strategy with fewer people," says Jeffrey Joerres, chairman and CEO of employment giant Manpower.¹⁴ While the concept of doing more with less is true, it's not new. Nor should you perceive it as a negative challenge. Throughout history, leaders have always needed to do more with less, and they have developed innumerable measures to improve speed, accuracy, and quality, all while decreasing costs. In 1792, Eli Whitney invented the cotton gin to do more with less. The invention increased productivity and improved quality at a lower cost and in less time than humans could. Two years later, horses were displaced by the first working steam locomotive that transported people and products faster and with greater storage capacities. In the 1900s, Henry Ford implemented the Persian assembly line to transform production and quicken the rate at which products came to market. In the 1950s, mainframe computers in the back room were a revolutionary step toward work efficiencies of the present.

With the emergence of computers, efficiencies have moved from the back room, where human labor was needed for manual activities such as production, farming, and construction, to the front office. The front office similarly transformed as leaders responded to doing more with less. Functions that were once performed manually—think manual accounting ledgers—became manually automated in the 1980s with personal desktop computers. Today, more functions are automated through local networks, intranets, and extranets. Imagine losing computers or e-mail for a day; how many other functions and people would you need to perform the same tasks? An accounting department might need a hundred people to do the job that twenty can do with the help of computers.

The next logical progression in our quest to do more with less will be to increase the speed and accuracy with which decision makers think. As farfetched as it may sound, scientists already have technology in the works that is capable of merging human thought with automation to compensate for the unchanging rate of thinking. For now, there are numerous ways in which leaders and managers can do more with less to move their organizations forward no matter where they fall on history's timeline. Leveraging technology and building systems and structures are among the ways to successfully accomplish this.

For example, e-file tax returns, online banking, self check-out lines, and self-serve movie ticket kiosks were all born from the enterprising desire to do more with less—and they’ve not only helped businesses, they’ve made consumers’ lives more convenient. In 2008, when e-commerce was down for the first time ever, online shoe retailer Zappos actually grew its gross merchandise sales to more than \$1 billion, because it successfully used technology to provide excellent customer-service procedures such as ease of online ordering and returns, clear product displays, and rapid delivery times as well as to manage the databases of shoe suppliers, the coordination of shipping requirements, and the coordination of vendor warehouses. The online shoe company’s COO/CFP Alfred Lin attributed the firm’s ability to do more with less as the reason Zappos had cash flow in the black and even turned a profit.

Though the pressure appears to mount with the passage of time, rethink your beliefs that doing more with less is some new (and negative) challenge; it is a natural progression of potential opportunity, and it will always be. As you’ve been asked to do more with less, so, too, will those working in the year 2038 or 2078. Embrace the concept, because if you know what to do with that opportunity by using the tools you already have and the ones you will be learning in this book, you can generate limitless rewards.

Rethink Your Methods of Teaching and Learning about Leadership

With each passing year, the number of job candidates who are qualified for leadership positions decreases. That means eventually you’ll have to educate the leaders of the future, if you’re not doing so already.

Countless numbers of leaders gain much of their education from on-the-job training, where they watch and mimic the behaviors of others. This has its merits, but the serious downside is that the leaders in the making aren’t necessarily learning how their mentoring leader thinks. You could watch a master gardener plant a rose bush and duplicate the behavior but still not understand the gardener’s reasoning for selecting where that bush was planted, how it will be affected by other plants around it, and how to care for the plant in different seasons. This example shows how on the surface, actions can seem simple to duplicate, but when you try to act on your own without the rationale behind the actions, you can easily find yourself at a loss. The necessity of transferring thinking skills to new recruits is a big part of what makes being the teacher so challenging.

When you teach leadership, talking about what you do isn’t always as important as teaching people how you think. Therefore, it may be more important to explain the series of thoughts that have led to a decision rather than the series of actions

that have resulted in an outcome when you're grooming decision makers. From my work around the globe, I consistently see a vast majority of decision makers who miss this distinction between teaching thought versus teaching action. Consider this "teaching moment." Imagine that you have to fire an employee. Members of your management team watch him enter your office, emerge a few minutes later, clean out his desk, and leave. Everyone knows he missed an important deadline, but he's only weeks away from his wedding, and this is a lousy time to lose his job. To some members of your leadership team, you look like an ogre. To others, this situation is interpreted as a normal occurrence when employees don't work out. However, you know that there is an entire back story to this situation that your management staff doesn't know.

So what do you do next? If your true desire is to build leaders, your next move is to explain to your team the thinking behind your actions. If you share your thoughts, others learn that this layoff wasn't your angry response to one missed deadline. Instead, they understand how your decision came about after months of careful consideration and planning. You can divulge the following: "You may have seen that he rarely shows up for work on time. But there is more you might not know. For the last year, we've had two complaints about him regarding serious misconduct, and this is the third time he's missed an important deadline. His performance numbers have fallen off, and though I've worked in direct contact with him for months now to improve his performance, it's been to no avail. Considering the new objectives for the company, I realized that he has not and will not work out. So I have let him go, but I have come up with a plan for picking up the slack until we replace him."

If you don't explain how you think, the next generation of leaders could mistakenly believe that leadership is about making snap decisions rather than about the mental preparedness to recognize opportunities when they come along. By taking the time to explain your rationale and strategy, you strengthen the leadership of your organization and your up-and-coming leaders see that seemingly quick decisions actually can take days, months, or years to generate. As you learn Enterprise Thinking, you will acquire tools and instruction on how to develop a structured thinking process for yourself to use and that you can teach to others with success.

Invaluable to the growth and development of any organization is leadership's ability to transfer to other decision makers how and what they think. General Electric's Jack Welch has been a prime example of this strategy. During his tenure at GE, Welch regularly used his firm's Crotonville facility on the Hudson River¹⁵ to educate his team of leaders about how they can think better as leaders and managers. In moments like these, leaders are developed. They need to see inside all the windows

of thought, not just the one you remember to reveal to them on rare occasions. When you teach people how to think, you empower them to make better decisions than they would have otherwise.

Rethink the Time Needed to Make Good Decisions

Earlier in this book I introduced the concept of the Economics of Thinking—the better able a leader is to think through an idea before committing to action, the greater the chances an organization has to achieve higher returns, all while mitigating risk, expense, and negative consequences. Certainly, the decisions you make carry immense weight, but also be aware that the *timing* of your decision making—when you arrive at a decision and when you decide to act upon it—is just as important as the decision itself! So, how much time should you spend thinking? Spending too little time (or too much) making a decision leads to negative outcomes instead of desired results.

The amount of time necessary to make a decision is going to be different for each person and for each project. A CEO who is addressing a large-scale expansion project may need two years to decide what action to take, whereas a frontline manager who is determining the location of the staff holiday party may wrap up his decision in less than an hour. Certain factors, such as your position within your organization and the industry or sector of your organization, will influence thinking time. Every decision has its optimal trigger point, and it's your job to determine to the best of your ability where that point is for you at any given time.

One of my NYU students, Javier Suarez, likens the relationship of thinking time and outcomes to boiling time and the perfectly poached egg. One minute under-poaches the egg, five minutes over-poaches it; but three to four minutes yield just the right results. He calls this the Economics of Timing, a supplement to the concept of the Economics of Thinking you learned about in Chapter 1. To determine how much time is right for each decision, Suarez created an Economics of Timing diagram (Figure 2.1). It not only addresses your position and your situation (industry, sector, etc.), but it also illustrates the correlation between these factors and the issue of acting too quickly, too slowly, or possibly not at all.

In the Economics of Timing diagram, the vertical line represents benefits (at the top of the line) and costs (at the bottom), which are associated with the Economics of Thinking. This line is intersected by a horizontal line indicating the amount of time one takes to make a decision: too fast is on the left (Fast Shooter), and too slow is on the right (Paralysis Due to Analysis). The wave indicates a leader's decision-making time; your optimal decision-making time is where the decision-making time wave touches the Timeline.

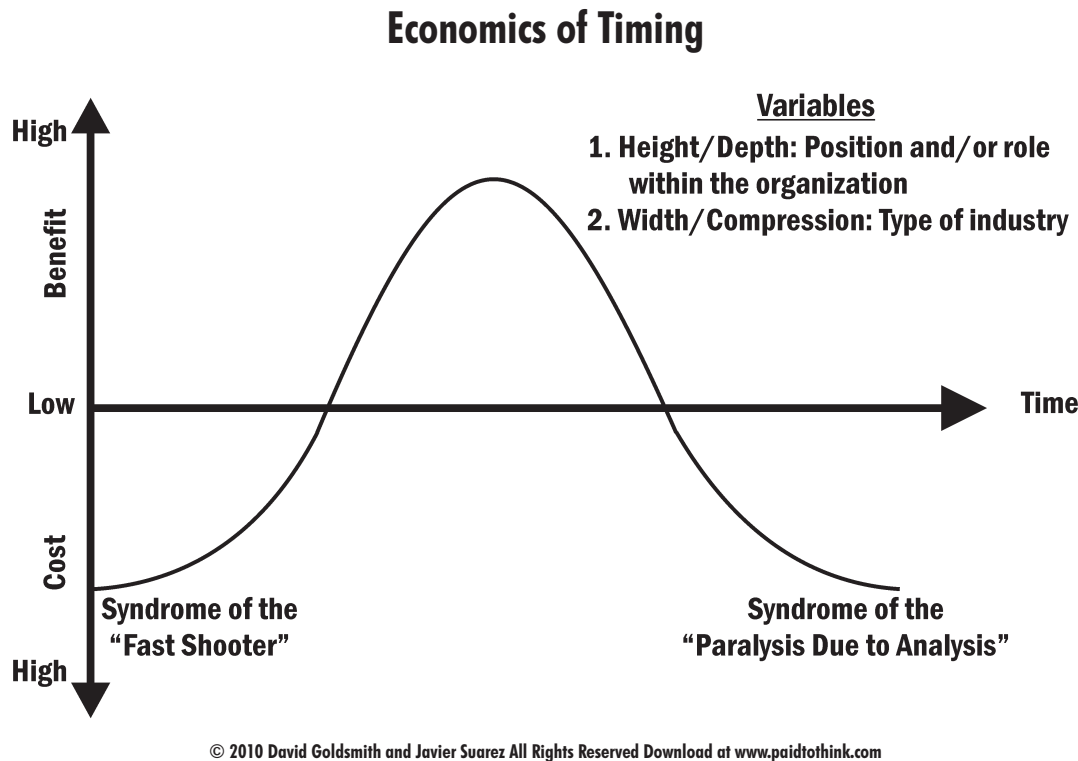


Figure 2.1—Economics of Timing

Rushing to action before doing the homework or laying a solid foundation can result in costly mistakes, as is the case with the Fast Shooter. Fast Shooters want everything done “yesterday.” They’re quick to act and prone to snap decisions and impulses.

At the opposite extreme is the sluggish decision maker who suffers Paralysis Due to Analysis. These decision makers are so slow to make decisions that they are often guilty of making no decision at all. They seem almost paralyzed by their own overthinking, and as a result, they allow opportunities to slip away and problems to fester to potentially destructive levels. Make sure that you don’t slide too far on the scale one way or another.

In addition, you may want to ask people who know you well to weigh in on where they see you falling on this spectrum. I have worked with students and clients who have, on occasion, assumed they were Fast Shooters, when in fact, they were very slow to act—and vice versa.

Paralysis Due to Analysis

Dan is an acquaintance who has enjoyed a successful career in manufacturing. Prior to the U.S. real estate boom, his wife recommended that they look into purchasing a couple of reasonably priced commercial properties and leasing them to local businesses. Dan’s response was that he would think it over, do some research, crunch the numbers, and let the missus know his conclusion.

The process didn't work out quite as neatly as Dan had initially anticipated. First, he couldn't really find anything that he thought was cheap enough. Then, he was worried about getting in over his head trying to balance his day job of long hours in management with the ins and outs of property management. Eventually, one excuse after another drove Dan to a state of paralysis on the issue, and he never bought any commercial buildings.

Dan's local real estate market had potential. So much so that despite the recession that began in 2008, Dan could be looking at several million dollars in assets had only he taken action at an appropriate time. Contrast Dan and his slow-to-decide approach with the initial scenario of Kyle as the fast-shooting manager who was too quick in his decision making, and realize that operating at one extreme or the other diminishes the ability to achieve desired outcomes; you need a balance between the two.

Variables in the Economics of Timing diagram are the height/depth and width/compression of the wave on the Timeline; these represent your position within your organization and your organization's industry (or sector), respectively. Let's look at the height/depth of the wave first. The higher your position within your organization rests, the more likely your decisions are to carry greater weight, incur greater costs, meet greater risks, and yield greater benefits or consequences. In terms of this diagram, the wave of any high-ranking decision maker, such as a business owner or a C-level executive, will reach higher on the Cost scale and drop deeper on the Benefit scale than will the wave of a midlevel or frontline manager. Picture a COO who can authorize the purchase of a million-dollar piece of equipment in contrast to a frontline manager who is limited to a budget cap of \$5,000 for a single equipment purchase.

The width/compression of the wave is typically determined by your situation, which could refer to your organization's industry or sector, market demands, competition, obsolescence, risks and rewards, regulations and laws, etc. This concept is universally applicable and is effective for people facing decisions in fast-paced and slow-paced industries alike. Simply adjust your wave's length to a shorter bend if your industry is fast paced (such as high tech), and lengthen the wave's bend to accommodate a slow-paced industry (like real estate).

What about you? Do you relate more to the Fast Shooter or the person who suffers Paralysis Due to Analysis? This is not an easy answer, because we often see ourselves differently than others see us. Understanding your own tendencies can help you identify whether you need to decide more quickly or if you need to slow down and take your time.

Also keep in mind that sometimes what looks like a hasty decision might not really be one. Take the real estate developer who walks onto a piece of land and decides, "This is it." That snap decision actually could be the result of months, years, or even decades of careful thought about the development site's requirements. All

that preparation enables the developer to quickly assess how well the parcel matches those requirements.

Striking the Right Balance

Jeff Gaspin, the 2009 choice to head NBC's television network, has achieved a twenty-five-year track record of success in the media industry by knowing when to think and when to act. He oversaw the turnaround of non-news cable networks such as USA and Bravo, where he provided the backing for the show *Queer Eye for the Straight Guy* and other successful reality programs.

John Sykes, former chief of VH1, the network where Gaspin developed the musical biography series *Behind the Music*, described Gaspin's careful approach to innovation and decision making: "He would have hundreds and hundreds of ideas before he had a show," Sykes noted. "It wasn't his whim, or throwing something against the wall." In an interview with the *Wall Street Journal*, Gaspin alluded to this when he noted that it was "going to take some time" for him to help NBC develop its brand.¹⁶

Gaspin doesn't make hasty decisions. He takes his time to make the right decisions—but he still decides early enough to capture opportunities and turn them into successes.

Rethink Your View that Employees Are the Most Important Part of Your Organization

Over the years, I've heard many decision makers say that people are the most important part of their organization. While I agree that good organizations are made up of great people doing great work and that employees play an extremely important role in the success of any organization, the idea that people are the *most* important part of an organization is a wrong assumption that can actually hinder the people it intends to credit. We've all seen firsthand how even the most talented people turn in substandard performance if they don't have the systems and structures they need to excel in their work. Therefore, if you make this assumption and are willing to rethink it, you can more readily capture opportunities to empower your people to achieve more successes within your organization!

Imagine that you're a rookie race car driver sitting behind the wheel of a minivan. On the racetrack next to you is Mario Andretti, revving the engine of his high-performance race car. You're thinking there's no way for you—a rookie driver, and in a minivan, no less—to win against one of the world's all-time Formula One winning race car drivers. But what if Andretti's car has no tires? Without the complete vehicle—the necessary structure—then all of Andretti's skill and experience goes unrealized.

In order to gain the successes that come from talent and skill, your systems and structures must be in place. The systems and structures include everything from

computers, tools, and equipment to the rules, regulations, laws, procedures, and policies that govern how your staff works within your organization. These systems don't always have to be elaborate; they just have to be appropriate. For example, in 2011, Boeing relocated passengers' flight attendant call buttons in their new 737 aircrafts away from reading-light buttons.¹⁷ The seemingly small change is anticipated to reduce the number of unnecessary trips that flight attendants will have to make down the aisles of planes in response to typically apologetic customers who mistakenly press their call buttons rather than their reading-light buttons. Similarly, replace a hairstylist's dull scissors with sharp ones and the stylist can produce better haircuts in less time. Conversely, take away the cameras from a film crew, and you're going to shut down production quickly.

Having the appropriate systems and structures in place is one of the most effective ways of bringing out the best talents and highest productivity of your people. Yet it's one of the most ignored factors in organizations today. When leaders see dipping productivity levels and low morale, they often want to address personnel and personality issues, an attempted solution known as "hugging and kissing" your people. The hugging-and-kissing approach typically yields only temporary relief, if it solves anything at all. Then conditions return to the same or get worse. Instead of fixing the real challenges, these leaders have missed the mark altogether (and they've wasted time, money, and resources in the process).

Think back to the lead-in example at the beginning of this chapter; as was the case with Sheila (the manager of a global workforce who improved productivity when she shifted her focus away from her employee and onto the task of upgrading his computer), when you encounter problems with employee performance or morale issues, a good rule of thumb is to check *your systems and structures first*, before you assume that issues stem from your people. If you don't, you might just be spinning your wheels. I encountered one such instance years ago, when a prominent U.S. government agency hired me, along with many other speakers, to give a series of speeches as part of leadership's plan to motivate their employees.

During a pre-event phone call with a woman who would be in my audience, I discovered a major problem. She grumbled in frustration that her computer was down again and complained how all the computers would go down for two to three hours every day. Once the computers, referred to as "ticking time bombs," were up and running, employees could return to work, but they were still expected by supervisors to get all their work done in the shorter amount of time. This complaint was reiterated by employees in one interview after another. Decision makers had good intentions when they invested in motivational programs, but like so many leaders, they hadn't considered how their people were in need of better systems and structures. Perhaps you can look back on situations in your past where a fix to a computer system or other structural issue could have done more

to improve morale than a direct attempt to “fix” people. If, after the systems and structures are remedied, leaders still have issues, then leadership would be wise to address morale, but not before.

Another example is one I read about in an article in the *Wall Street Journal*, about the struggles that meteorologists in India experienced when they were trying to forecast weather conditions with outdated equipment. H.R. Hatwar, the head of India’s meteorological department, was responsible for delivering accurate forecasts for every sort of weather condition, including droughts, monsoons, and typhoons. The country’s 600 million farmers (18% of the nation’s GDP) were relying on him. Yet it was not uncommon to see Hatwar using tools from 1950, such as paper charts and graphs, to predict the weather in the twenty-first century. Errors were of national concern, because Hatwar and his staff’s inaccuracies had the potential to shave 2% of annual growth from the GDP and impact the fate of the farmers and the billions of people they fed.¹⁸

In this case, however, the powers that be recognized the system error. To improve forecasting, India’s government planned to invest \$620 million to establish a thousand automated weather stations and two thousand precipitation stations nationwide, measures that empowered Hatwar and his team to be able to make new and better forecasts.

Systems really can make the difference. In fact, the presence of a supportive system is one reason why decision makers who leave major corporations don’t always succeed when they start their own businesses. Many have been so accustomed to a support system that gave them what they needed to be successful, that they either flounder or must invent new systems and structures to maximize their skills once again.

The Goldsmith Productivity Principle

Italian economist Vilfredo Pareto put forth the notion of the vital few in 1906,¹⁹ when he observed that 20% of the population owned 80% of the wealth. Ninety-two years later, investor and entrepreneur Richard Koch authored *The 80/20 Principle*,²⁰ a book based on an adaptation of Pareto’s concept, whereby Koch stated that “80% of output comes from 20% of inputs, not only in the business world, but also in virtually every aspect of life.”

I’ve taken Koch’s idea one step further to form the Goldsmith Productivity Principle (GPP), which states that 80% of an organization’s ability to compete and perform is driven by its systems and structures, and only 20% is by its people. Doubt the percentages here? Accepting the exact numbers doesn’t matter as much as understanding the concept right now, because in time, you’ll probably see that the 80% is actually higher in most instances. Certainly, people are essential, but if yours got locked out of your building tomorrow, even the highest performers would struggle to achieve.

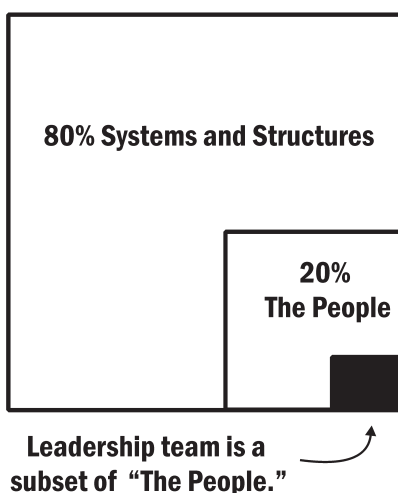
In the visual representation of the GPP, shown in Figure 2.2, the largest boxed area represents this 80% that influences your productivity. Once you have determined that you have given your people the necessary tools they need to achieve success, you can directly address any personnel issues, shown as the larger inset box in the diagram. This 20% should be assessed and assisted only after running a check on their systems.

I want you to pause for a moment and consider what you have just read, because while many decision makers quickly “get it” and start seeing the GPP everywhere—at work, at home, during civic and religious services, at social events—others still hold on to the belief that the 80% is too high a figure to assign to systems and structures *or* they think they already have the best systems in place and don’t need to improve in this area. Moreover, leaders often blame others for mediocre output, when in reality, the blame lies with the leader’s mediocre systems and structures that cap the potential of individuals and organizations.

To become a catalyst for progress and achievement, you may need to rethink some of your current beliefs and be willing to trade your opinions for new ways of thinking. Eventually, even the initial resisters come on board once they learn about ET and its activities; they realize that 80% may even be a conservative figure, and they also recognize that great opportunities can be mined from improving systems and structures.

All people need the tools to succeed, even you. Imagine losing your computer and access to any data for a month. What would your productivity levels become? Often I hear from leaders that they’d accomplish nothing. That little box is a part of the systems and structures you need to be productive and successful.

Goldsmith Productivity Principle “The GPP”



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Figure 2.2—Goldsmith Productivity Principle

That said, I'm not proposing that more structure versus less structure will automatically produce your desired returns; this isn't a more versus less issue. What you need is the *right* structure—that you or you and your management build—to secure the best talent and keep it continually performing optimally.

Here's an important part of the GPP to note. Take a look at the smallest inset box in the diagram. This is a subgroup of decision makers—you and other decision makers—who create the GPP's 80%, the systems and structures. (The diagram's separation of you from other people in your organization does not mean that you are more important than your engineers, designers, or customer service representatives; it just indicates that you play a different role.)

You are building the systems and structures from the 50,000-foot view. The larger the picture you see, the better your systems are likely to be, because you have a better understanding of how a decision applied to one area of the organization affects another area. However, not all leaders fulfill this responsibility and follow the GPP. In fact, in instances where leadership fails to create the systems and structures, someone who is not in leadership is apt to build the systems and structures simply out of necessity to succeed. But without this staff member having the big picture, his or her well-intentioned systems and structures are unlikely to be as effective as they could be.

As you address challenges that arise throughout your organization, keep the GPP in mind and remember that you are responsible for delivering and managing the tools, processes, reporting structure, infrastructure, technologies, physical space, geographic location, and so on to enable the organization and its people to function successfully. Only after this 80%—the systems and structures—has been fully addressed, can you then plug your people into the GPP, optimize the returns of your staff's collective effort, and redirect your attention to your purpose: thinking and planning for the future.

Rethink the Notion That Micromanagement Is Bad

Micromanagement has gotten a bad rap over the years, because it conjures up images of the big boss breathing down the necks of hard-working subordinates. But in reality, that's only one side of micromanagement and is only the case when it isn't executed properly. It's time to rethink the opinion that all micromanagement is this in-your-face type of suffocation that smothers people and decreases their abilities to perform optimally.

In reality, micromanagement can be one of the most effective ways to increase performance. In addition, there are some environments where micromanagement through systems and structures are necessary to ensure specific outcomes and safety.

In the stereotypical, negative view, the word "micromanagement" makes us think of leaders who are so engrossed in the daily doings of their subordinates that they

get in everyone's way and don't get their own work done. By filling their days with tasks that belong in someone else's daily planner, these micromanagers fail to give ample time to their own responsibilities like thinking, strategizing, and moving their organizations forward. In this scenario, micromanaging efforts ultimately hurt the organization on multiple levels, not the least of which may be employees, volunteers, or other group members reacting negatively to feelings of frustration and needless pressure resulting from the constant monitoring. This means that neither the micromanaging boss nor the subordinates are performing as optimally as they could.

By contrast, when leaders have the right mental tools to be effective micromanagers, they are able to direct their organization's people and resources in the direction of shared goals. Effective micromanagement through setting structure, developing strategy and plans, creating reliable systems for others, and teaching people how to be independent thinkers can actually empower others to do their jobs with little involvement from you at all. Yet truthfully, they *are* being micromanaged; they just don't feel it, because you're not in their faces.

Micromanagement isn't always a choice. You may be entrenched in an industry or sector that *requires* a certain degree of micromanagement, so the question isn't whether or not you micromanage; it is how to do it correctly. Leadership in toxic waste or medical waste-management facilities must follow strict procedures to ensure the safety of their staffers, customers, and the general public.

For decision makers, striking the right balance between being involved and letting others work independently can be a challenge. Regardless of your organization's circumstances, following the GPP is how you effectively micromanage your organization's people and resources to achieve desired outcomes. Build an environment of systems, structures, tools, equipment, etc. to support the talents and skills of your people, and you will earn their trust, gain their cooperation, and increase their productivity levels. When micromanagement is done right, you are able to achieve the results your organization needs to grow and survive.

Here's an example of micromanagement done right according to the GPP. Think about when you drive on the highway; do you feel micromanaged? Most likely you feel pretty independent. You select your destination and the vehicle you'll use to get there. You also determine the vehicle's air temperature, whether you'll listen to music, who your passengers are, and what type of car you'll drive. But if you look closer, you are actually very micromanaged. You must drive on predetermined roads, streets, and ramps. You must maintain certain speeds. You must pass only in predesignated passing zones. In some areas, you must pay a toll for using the road. However, you don't resent being micromanaged, and you don't feel that you're constantly running into roadblocks due to the micromanagement, because the road system enables you to reach your targeted destinations, much like systems help your staffers to reach their targeted goals.

Systems and structures also direct your organization toward innovative solutions both internally, as organizational improvements, and externally, as product and service improvements. Consider how a restaurateur might opt to “micromanage” his establishment’s reservation process by using a proven software system—one that employees manage internally or one that patrons can access externally through the Internet—to achieve reliable outcomes. Micromanaging systemically removes the crises that erupt from inefficiencies and replaces problems with opportunities. Additionally, micromanagement done right prevents waste, so your organization has more resources to dedicate to these improvements.



Untying the Gordian Knot

As the Greek myth goes, in the center of the Middle Asian city of Gordium, King Midas had tied a chariot to a post with an intricate knot. A great oracle predicted that the man who could untie the knot would become Asia’s next king. Hundreds of men tried and failed at the endeavor. A man approached, studied the knot, and with one sword strike, sliced the knot in two thus claiming his title as king.²¹ This man was Alexander the Great.

Alexander’s strength and his army’s might did not grant him the position of leader. His ability to think and rethink about a current challenge was the key to his rise. In essence, that’s what every leader who is paid to think does, too.

As you move through the upcoming chapters of this book, you will revisit some of these concepts and you will learn more. Though some of the new information you receive will likely be common sense, some of it may seem counterintuitive, but a mind that is willing to rethink will enjoy the greatest opportunities for positive change and growth. And now that you’ve had an opportunity to jumpstart the rethinking process, you’re mentally better positioned to learn about Enterprise Thinking in more depth.

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ABOUT THE AUTHORS

DAVID GOLDSMITH, president of the Goldsmith Organization LLC, is an international consultant and advisor, speaker, telecast host, author, and business owner. He has served on the New York University faculty for twelve years and was awarded the SCPS Teacher Excellence Award. David holds an MBA from Syracuse University.

LORRIE GOLDSMITH is co-founder of the Goldsmith Organization LLC, a leadership development organization offering consulting, advising, speaking, and educational resources to decision makers globally.

DAVID AND LORRIE are based in New York State. *Paid to Think* is their first book.

MORE RESOURCES

YOUR JOURNEY AS AN ENTERPRISE THINKER has just begun. I'm inviting you to stay in touch and connect with other people who are paid to think through the many venues I've created to help you continue to grow and develop:

- **www.davidgoldsmith.com**—Improve your ability to perform even more and gain a deeper understanding of some of the ET concepts with the many resources on this core website, such as the Goldsmith Institute, where you can engage with video, audio, and other tools. Also available on the site are full courses and products to further your learning process. In addition, if you would like to bring your *Paid to Think* experiences to your organization, there is information about how to contact me for consulting, advising, and speaking.
- **www.paidtothink.com**—Visit this site to download graphics and charts from *Paid to Think* and to add the most up-to-date thinking tools to your ET toolkit. You can ask questions about *Paid to Think* and get answers, watch videos, and discuss with like-minded people how they are using Enterprise Thinking to make a difference in their lives.



**“For six months I fought with the publisher...
then finally I was able to purchase one chapter.”**

That’s a real quote from an executive named Elizabeth who wanted only multiple copies of a single chapter of a certain book to lead her staff members to desired outcomes, but she wasted valuable time and effort appealing to the book’s publisher for the tools she needed. Maybe you’ve had the same wishes as Elizabeth; perhaps you supervise, oversee, or manage a group of people, and you’ve wanted similar tools to maximize potential and drive performance but found that chapter singles were inaccessible or unaffordable. Well, put all that behind you, because I’ve made Paid to Think chapter singles easily and quickly available.

So while I’m sure you’re perfectly willing to purchase the entire book of *Paid to Think* for yourself or for a leadership team, I also understand that there may be times when it’s more efficient or cost effective to buy single chapters given certain circumstances.

In these types of situations, some of which are included here, single chapters can be a quick and easy solution, such as:

- ✓ When you work with a large team and you want them to understand a single topic without breaking your budget. Say that you’re working on developing new products within a department consisting of 47 staff members and seven leaders. In an instance like this, exposing all 54 participants to Chapter 4, Developing New Products and Services, would put everyone on the same page and ready them to proceed on the project at hand.
- ✓ When you’re about to undertake an endeavor and reading the entire book at that time is not feasible, you can address a particular topic area quickly. Let’s assume you about to enter into negotiations with a prospective ally, and you’d like both your team and the other party to build a successful union based on PTT’s proven Alliance Pillars. Distribute copies of Chapter 5, Establishing Alliances, and you’ll not only fend off the needless challenges that often plague alliances, but build the kinds of alliances that help your organization achieve desired outcomes now and in years to come.

And there may be other occasions:

- ✓ When you're searching for the type of gift to give that provides real value at any time.
- ✓ When you want to do a monthly program covering the topics of *Paid to Think* in your own order preference.

Unlike past experiences that you or your colleagues may have had in obtaining individual chapters, *Paid to Think* singles offer you the flexibility to order when you want, how you want, and how much you want, because it's the firstbook that's ever been released in print, as an e-book, and in the form of convenient single chapters! In addition, *Paid to Think*—the book and single chapters—is available in audio format, too. So visit your e-store or paidtothinkssingles.com, choose the format and method of delivery that best suit your busy lifestyle, and start to achieve more, earn more, and live more . . . even if it's one chapter at a time!

Kindle | iBooks | Sony Reader | Nook

For more information, links to purchase book, and additional resources, visit

[www.Paidto**THINK**.com](http://www.PaidtoTHINK.com)



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Goldsmith Organization, LLC
Manlius, NY 13104
+1 (315) 682-3157
info@paidtothink.com