

Building Savvy Companies: 7 Steps Leaders Can Take To Liberate Thinking

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A company's ability to think on its feet sets the stage for how well it competes, which ultimately determines its long-term success. Companies that are smart, resourceful, and imaginative are companies that are thinking well. While competitors can copy a product or a service offering, they can't readily duplicate a company's ability to think. Good thinking is an advantage that is hard for any competitor to negate.

Companies that think well are no accident, nor do they result from the simple accumulation of a group of smart people. Good leaders create savvy companies by provoking the people within an organization to think well together as an organic whole. Once a group of people has developed the capacity to think effectively together, they can continue to upgrade and evolve their thinking skills.

Companies that don't think well are companies-at-risk. They can't sustain their positions in challenging circumstances and, if their thinking is particularly weak, their decline can begin with a relatively minor disruption to business-as-usual.

If you look closely at companies in trouble, you'll find a place and a time when their thinking broke down. Perhaps they failed to anticipate changing conditions soon enough. They may have drawn the wrong conclusions from signs they did see. Their decision-making process might have been too slow, their thinking too sloppy or too rigid. Some may have lost their focus, while others had problems executing their ideas rapidly and effectively. Regardless of the specifics, their problems will have been rooted in undisciplined, sloppy, ineffective thinking.

Every company thinks. The ability to think well, however, must be deliberately cultivated. **The premise that the smarter you make your company, the better it will perform against its competition would seem unassailable.** Leaders who tend their companies' thinking skills are rewarded with performance that is fast, fit and focused.

How Leaders Build Savvy Companies:

Leaders develop thinking skills by deliberately facilitating the practices that lead to good thinking. Their people are already talking, addressing problems, coping with events, and planning next moves. The challenge for the leader is to ensure that these activities occur in a manner that not only generates the right conclusions, but that upgrades the quality of communal thinking at the same time. For a leader to facilitate *how* thinking is done generates absolutely no additional monetary costs for the company. The costs of not doing so can be devastating.

There are seven steps good leaders use to liberate rather than to restrict thinking. While the specifics may vary widely across companies, the fundamental practices remain the same.

The 7 Steps To Liberating A Company's Thinking:

1. Keep a clear company focus

2. **Expect rigorous thinking**
3. **Maintain openness to inquiry**
4. **Nurture conversations about ideas**
5. **Push decision-making authority down to the lowest levels of capability**
6. **Foster collaborative thinking**
7. **Demote, transfer or release people who refuse to get with the program**

The 7 Steps Detailed:

1. Keep a clear company focus:

Every leader has a business idea. That is, they have their own understanding of how the business will use its resources and capabilities to create value, build customer loyalty, outwit the competition, and respond to changing circumstances. However, in order for the company, as a whole, to act intelligently upon this business idea, the leader must ensure that others develop a deep, shared understanding of it.

The better the leader can articulate this complex idea, the more likely s/he is to bring others to a common understanding of how this vision should best play out. The more others have contributed to sharpening the idea, the more robust it will be. The better people understand the assumptions that shape the business idea, the better they're positioned to recognize when changing circumstances make one or more of those assumptions obsolete. The more intimately engaged the core team is in thinking the idea through, the better able they are to pass it on accurately and fully to others. The better everyone understands the roles that each are to play in fulfilling the business idea, the more likely it is that they'll recognize the ramifications of their ideas and actions on others. This shared understanding creates the focus for everyone in the company to pull in the same direction.

Rick Sidorowicz, a principal with High Impact Retail, demonstrates his mastery of this practice when he discusses his leadership perspective:

As the head of retail operations for a North American specialty retailer, my job is about having conversations to ensure a common understanding. I've always operated from the position that you can unlock high performance only when you have your front line associates and all support teams clearly focused and committed, and "on a mission."

There are two important elements to creating this sense of mission among people, and each requires very serious "work" to clarify, simplify and focus on what is expected and indeed, required. The first is alignment; my people should be able to say, "I fully understand the expectations, I accept my role in the fulfillment of the objectives, I want to be here and I will act to perform my role to the best of

my abilities.” The second element is intensity; what I should be hearing is, “We have a mission and a keen sense of urgency - and failure is not an option.”

When a leader operates from an intuitive grasp of the business idea, rather than being able to articulate it with the clarity required for others to develop a deep, shared understanding of the business idea and their roles in making it happen, the result is a fractured focus. A fractured focus leads to personal goals and functional agendas being predominant, rather than everyone working with a shared understanding towards a common goal. When the focus is fragmented, people are likely to make the best decisions they can from their own perspectives. The parts of the organization are likely to work against each other, or simply work without regard to each other. Although all of the individual decisions may be good, when they are made without regard to a common focus, something is lost. For smart company thinking to occur, functional solutions have to fit the broader business agenda. Good business leaders make sure that their agendas are sharply defined, clearly in focus, and thoroughly disseminated.

In the final analysis, only the business leader can ensure that the business idea has been honed by all of the company’s thinkers. Only someone with ultimate responsibility can ensure that everyone’s best thinking is devoted to executing the business idea effectively. The important caveat is that while one person has to assume final responsibility, the thinking has to be done by all involved.

2. Expect rigorous thinking:

Expect rigorous thinking---from yourself and others. This doesn’t mean sitting around passively and hoping it will occur. Rather, the expectation is that rigorous thinking is necessary, and an active stance says that you won’t settle for less. Taking an active stance means communicating the importance of quality thinking as a key component of how you define business success, and demonstrating it yourself. Think about your thinking and lead your team to think about theirs. Hold people accountable for it. Respect it. Reward it.

Nicolas Estrella, president of the Estrella Insurance Group, fosters rigorous thinking in his own, unique way:

I tell my people what needs to be done. They go and do it. Then, they come back with their results. I am never satisfied with the results that they bring back the first time, so we sit down and analyze the situation. Then, I set a new goal and send them out again, to see what they can do. Sometimes they’re successful. If I’m still not satisfied, I’ll go out and get it myself. I’ll show them, after they think they’ve already experienced everything that there is always something more that you can obtain.

Respecting people isn’t some warm and fuzzy New Age management fad. At its heart, the idea is that you are respecting people enough to demand their best.

If you want to get better at expecting rigorous thinking, here are some ideas for getting started:

- [Institute a disciplined approach to diagnosing crises](#)
- [Dig down and address the core of a problem, rather than the symptoms](#)
- [Build solutions from the ideas of many---remember that no one is as smart as everyone](#)

- Foster diversity in all of its forms---make it a habit to include different people with different backgrounds from different functions with different perspectives to enrich thinking and avoid ruts
- There are usually several ways to “skin a cat” so avoid arguments over who’s right – focus on skinning the cat
- Set up a process to include contrary perspectives in the councils of the business---appoint someone to champion unconventional ideas and/or play the role of Devil’s Advocate (rotate this role, so everyone learns to consider unconventional ideas)

If you lack the skills to implement these ideas or the confidence to try, get help. You can make improved thinking a goal of your leadership team and learn as you go, or get outside help to get you started.

3. Maintain openness to inquiry:

When people believe that they know the right answer, they quit thinking. They don’t seek new information. They don’t solicit input from others. They stop considering alternatives. Why should they do any of these things when they already know the answer?

The key to success isn’t an endless cycle of rumination, anymore than it is embracing an okay solution too quickly. Rather, it lies in practicing the shared discipline of not making decisions on autopilot. In our constantly changing, fluid environment, it is wise to realize that business decisions are made in a particular time, place, and within a given set of assumptions. Those factors have to be commonly understood and revalidated in the face of new questions, circumstances or information. Revalidating the key assumptions of your position is a critical component of good decision-making. It is often poor decision-making in the past that leaves business leaders too harried to think things through in the present.

You can take some simple steps to encourage liberated thinking in your company. People should be expected to do adequate research. Are they paying enough attention to data gathering? Is their thinking appropriately complex for the situation the company is addressing? Are they aware of what others are doing in the face of similar challenges? Additionally, stop people from ad-libbing in meetings when they haven’t thought an issue through. Finding fault with the ideas of others without offering an improvement that moves thinking forward should not be tolerated. Along these same lines, expect that functional presentations be in harmony with the company’s overall agenda.

As a leader, find teachable moments---good opportunities for coaching---and share your thinking. Take some time to reflect upon the data and criteria that you would look for when making a decision or setting a course of action. Learn to articulate the thinking behind your intuitions. You can set the expectation that everyone can learn from every problem, and from everyone else. If you know the answer and your people don’t, then you know what they need to learn. Pass it on. If none of you know what to do, you have the opportunity to dig in and gain an understanding. If you find yourselves stuck, and unable to find a solution, go back, question your assumptions and reframe the problem from different perspectives until new solutions emerge.

Here are two additional positions that you, as the leader, can take to support learning in your organization:

- Encourage discovery – celebrate new ideas and the people who generate them
- Support an ethic of enlightened common sense – that is, common sense that has been enriched by deliberate consideration and discussion

4. Nurture conversations about ideas:

Not every idea needs to be savored and discussed. Focus on the ones that are key to what you're trying to do, and on the reasoning behind opinions, decisions and patterns. People learn best and develop shared perspectives by talking ideas through to a common understanding.

Too often we simply don't expect workers to think beyond a very narrow range of their moment-to-moment focus. It is as if we believe that they are only competent to think about what they are doing in very simple, mechanical ways. That belief is often sustained by a lack of substantive conversations about the business between the workers and their leaders. (Tirades and inquisitions do not count as substantive conversations.) On the other hand, if your people are really limited in their ability to think about core business conditions and make corrections or improvements--- teach them how or let them go.

Once again, Rick Sidorowicz's insights are worth considering:

The serious "work" is having conversations that engage your people in the business of the business. Please, always keep in mind that your front line associates always know more about your business than you do. Heresy you say - but think about it for a minute. They deal with your customers and your products and your services and your processes and your bureaucratic mindlessness every minute of every day in real time...and they do know what great performance looks like for your customers. Their input and interest is the prerequisite for alignment and intensity, and once you have that underway, many magical things will start to happen. To do that you have to give up your exalted perspective of giving the answers - and start asking questions and engaging those who you expect to execute your strategy.

In a nutshell high performance is not about telling or selling or dictating or mandating anything. It's about clarifying, engaging and applying the talent of people. And to do that, your work has to be about having conversations about who you are, what you are up to and what you want to achieve.

Mark Steele, a vice president and managing director at Kennametal, has found that asking the right questions and listening with patience are important elements to nurturing conversations:

Great ideas start with great questions. Great leaders tend to be great teachers who are capable of heightening team member awareness of their own talents and capabilities. We all remember the teacher who put us on the spot to answer questions and led us to believe in ourselves. Likewise, we as leaders must ask the great questions and display the patience required for people to work out a correct answer or strategy. It is our duty as leaders to provoke people in ways that lead them to new heights of awareness about the possibilities.

Here are two other benchmarks you can set as reference points to measure your progress in nurturing conversations about ideas:

- Have you established a focus on solutions rather than blame?
- Do you support a culture of sharing information, insights and success?

5. Push decision-making authority down to the lowest levels of capability:

This is not to say that you should abdicate responsibility or stop supervising. However, you should not be doing the thinking for others or making the decisions that they are being paid to make. Far too many leaders allow their people to delegate problems upward. If this practice is allowed, in short order, leaders are overwhelmed with the work of their subordinates. They don't have time to do the things that only the leader can do, while simultaneously, many competent people are wasting time waiting for others to tell them what to do.

Nick Estrella offers his thoughts on avoiding this pitfall by being an observant and perceptive leader, who recognizes when to step in and offer his guidance, while paying his people the respect of expecting their best, always. When talking of his agency managers, he says:

You have to know your peoples' habits and work patterns. You watch them working to make things happen and then you can help them with what they don't know. It is safe to need help here. I believe that the agency managers need to feel a degree of security in being in charge of their own business. I try to give them as much latitude as possible to produce in the way they best can. I want them to feel that trust and confidence. I want them to feel as secure as possible without feeling entitled. What I demand is that everyone always works hard.

It's tempting, in the crush of daily business demands, to tell people what to do, to give a solution and move on. However, the consequence is that people won't understand how to generate the solution the next time this problem occurs. They don't learn how to be resourceful in addressing different, but similar, issues in the future. As people understand the context of a problem, as they recognize its dynamics at work, and as they have a clearer grasp of the criteria required for creating a good solution, they become better thinkers as well as better problem-solvers. The better they think, the more agile and adept the company becomes.

6. Foster collaborative thinking:

The right business solution seldom springs full blown from one person's head. Complex solutions are usually built from a combination of investigation, conversation, and consideration. The idea that no one is as smart as everyone implies that good solutions are usually developed collaboratively.

Maintaining an atmosphere of collaborative thinking can be a challenge. Think about what happens in the typical business meeting. It is not uncommon for the most aggressive, facile speakers to win a debate, even if their logic is flawed. The more dominant personalities tend to champion favored positions and tolerate little challenge from others. Sometimes, the boss knows the answer s/he wants before the conversation even begins. In this case, there's a charade of deliberation, but the true purpose of the meeting is to give people the answer, not to think it through with them. That these tendencies are not in the best interests of the company as a whole doesn't seem to stop them from happening. They are the habits of companies with poor thinking skills.

Breaking a bad habit requires that we notice when we're doing it and deliberately engage in activities that substitute more effective behaviors. In talking about how he fosters collaborative thinking and idea building, Jim Bruhn, president of Canfield Metal Coatings, says:

First, I like to create a learning atmosphere where people are focused on improving their business-related knowledge so they can increase their contribution to the team. Associates shouldn't be afraid to admit that they aren't excellent at all they do, rather that they are determined to continually improve. Recognize every new idea as having certain value – even though it may not be used in the final decision. Also, we try to raise people up for having the courage to “borrow” ideas from others. No one has to dream up the entire thought him- or herself --- but they need to discern that it is one, which will fit well, in a particular situation.

Within a relatively short time after assuming responsibility for the leadership of this company and instituting his leadership philosophy, the results for Jim have been a significant increase in the overall thinking of his organization, and better decisions all the way around.

7. Transfer, demote or replace people who won't get with the program:

Enlightened culling is a practice that lends integrity to all of the others. One aspect of expecting, demonstrating, respecting and rewarding rigorous, collaborative thinking is that there must be consequences to the behavior choices your people make. Many, if not most, people thrive and excel when led by good leaders. However, some people lack the will and/or the desire to continue learning. It is relatively easy to identify these people because they generally offer excuses rather than demonstrating a serious effort to engage in learning. Think about what you would do if you were dying to learn something. You would at least ask questions, to seek more information or ensure that your present understanding is correct. You would read what you could or find other input. You'd be talking about what you're learning. You'd practice, rehearse, and test your skills and seek feedback from others who know more than you. When people are not actively engaged in these activities they are not actively committed to learning.

When people continue to “not get it” over time, in spite of good leadership, there are three reasons that often are behind it:

- [People don't have the fundamental personal competencies](#)
- [People don't want to learn](#)
- [People aren't actively committed to the cause](#)

Their progress has to come from active thought partnerships among themselves and with the business leader. If they don't engage they will never learn; whether they can or not becomes moot. Find people who will and move on.

In Conclusion:

Making your company smarter leads to an advantage that can't be replicated by the competition, even if they know what you're doing. A leader who tries to be the only thinker in the organization is destined to run a company that is seriously at-risk, or at best, not very competitive. It's raising your company's IQ that leads to peak performance.

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