

# Riding the Wave of Change

## An Oregon Executive Forum presentation by **ROBERT KRIEGEL, PhD**

Every organization, whether for-profit or non-profit, whether corporate or small business, has one thing in common: the need to rise to the challenge of change. In just two years, the changes in the business environment have been enormous. In 2000, the stock market was riding high, the economy was strong, the world was relatively at peace. In those two years, the stock market and economy have plummeted, serious issues of corporate malfeasance and questionable economic ethics have surfaced, and the political situation has taken a major turn.

It's a different world and a tough marketplace. Individuals, companies, and governments are not spending as they used to, while customers are demanding more and better products and services. We're being asked to more with less and in some cases to do more with nothing. This climate of change creates challenges and opportunities. How we respond is key to success, argues Robert Kriegel, as he gives practical, proven suggestions for riding the wave of change.

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One of the most in-demand business speakers, Dr. Robert Kriegel teaches bold, innovative, "out-of-the-box" strategies for keeping ahead of the changes, challenges, and competition in today's dynamic marketplace. Author of the national bestseller: **If it ain't broke...BREAK IT!** Kriegel has been called by *U.S. News & World Report* one of this country's leading authorities in the field of change and human performance. His latest book is **How to Succeed in Business without Working So Damn Hard**. His last book, **Sacred Cows Make the Best Burgers**, made *Business Week's* bestseller list in its first month! As a commentator on National Public Radio's **Marketplace** program, Kriegel recently made two specials for **PBS**. Kriegel has taught at Stanford University's Executive Management Program and was a member of the California Governor's Council.

### **Rethinking the Rules, Reinventing the Game**

In an unsure environment and an unstable economy, companies typically respond by cutting back on just about everything. They cut back on personnel, on training of those who remain, on marketing their goods and services, on researching new products, on developing ideas, on all the resources that make them competitive. They're choosing to *play not to lose*. What's needed is just the opposite, argues Robert Kriegel. In a tough environment, it's even more important to *play to win*.

The mentalities of the two approaches are diametrically opposed. People who play not to lose are generally defensive, cautious, tentative. They take few risks; they are highly reactive and only marginally creative. They keep repeating what has worked in the past. A golfer who putts not to lose is so concerned with not overshooting the hole that he putts short. A skier trying not to fall leans back and uphill, two things that are sure to bring her what she is trying to avoid. In

business, cutting back is playing not to lose, and in cutting everything that can help you grow, you can lose for sure.

People playing to win, on the other hand, have their concentration elsewhere: on winning. They tend to be aggressive, innovative, and proactive. They take risks and think outside of the box. They initiate new ideas and new strategies. They take small and bold steps to reinvent the game.

Every business, every industry has the same challenges. You can count on the fact that someone in your business or industry is going to play to win. There may be less business out there but there's still business. Spending, risking is the only way to increase market share. GE recently announced it's investing \$100 million dollars in research; Intel is increasing its research into new markets. That's winning thinking.

### **The challenge to play to win or to play not to lose happens at every level of an organization.**

In your environment, where are you playing not to lose? Are you staying with current offerings? Cutting budgets and personnel? Is there less marketing or less product development happening? Is there only conservative (keep the status quo) decision-making going on? Where could you be playing to win?

In Kriegel's own business life, the reality of this came home to him one day several years ago. He realized that when it came to selling his services, telling prospective clients about what he offered, he was playing to win. But when he was asked how much he charged, he got inhibited. "If I charge too much, will they reject it out of hand? If I charge too little, will they think I'm not very good." He recognized that he was afraid to play to win, and it showed in how little work he was getting.

Once we identify places where we could play to win-and aren't, we need to get specific. What's our strategy going to be? Where are we going to invest the money and the time and resources? What is our anticipated result? We have to bring the idea down from the big picture to the details. (The more general an idea is, the less likely we are to execute it.) While the big idea provides the direction, getting specific pinpoints the target we're aiming for.

And we need to serve as our own coach. We need to ask ourselves for those specifics. If our winning strategy is to spend concentrated set-aside planning time each week, when are we going to schedule it in? Where will we do it? With whom? How will we measure the results?

### **Working harder isn't going to make you more competitive.**

One knee-jerk response to the tough market is to just work harder: more hours, more meetings, more reports. If 100% effort doesn't work, then let's try 110%. We fall quickly and too easily into a life run by the "Gotta's":

- I gotta make this deadline!

- I gotta finish this paperwork, make three phone calls, and get to this meeting, and I'm late already!
- I gotta make a decision!
- I gotta read all this material before tomorrow's meeting!
- I gotta cut costs and do it now!
- I gotta pick up my kid at daycare, do the shopping, make dinner, and finish that report!
- I gotta catch that plane!

And while this may seem to solve problems in the short run, it isn't at all helpful in the long run. First, the stress ruins our health and seriously undermines our quality of life. Equally important, it doesn't help us reach our goals: to be successful both personally and professionally.

### **We're all in the "people" business.**

This is the Era of Service, says Kriegel. What's more, it's the Era of Customized Service. A primary differentiator between competitors is how well they can customize the services and products they offer. So it's critical to know what our customers want. This is true with internal customers as well. Although the threat of competition may not be there internally, how well you treat your staff and attend to their needs and desires will determine their buy-in to the department-or company's goals-as well as their performance and treatment of customers.

Customizing the service to his staff can be critical for a manager. Take a cookie-cutter motivation system, for example. Few people care anymore about an Employee of the Month plaque. They want a reward that is really a reward they can use. How will you find out what that is? It's important to know your people well, and what motivates them. It's critical to know who needs pushing, who needs praising, and who needs helping.

In a survey for his book **Sacred Cows Make the Best Burgers**, Kriegel found that people want two things from their leaders: they want to know they can trust the leader and that the leader cares about them as an individual. God gifted each of us, Kriegel says jokingly, with the right proportion of headgear: two ears, two eyes, and only one mouth, so that we look and listen more than we speak. But if we're driven by the Gotta's, we don't stop and do the kind of listening and looking that connects us with our staff. We tend to just talk at them and they get de-motivated. Sincere motivation and communication are critical for a successful manager today yet both disappear when we're rushed.

### **Working in speed mode leads you into a speed trap.**

In addition, the quality of our thinking and of our work deteriorates when we're rushed. We make careless mistakes. Kriegel related a personally expensive tale of querying his insurance agent about paying his disability insurance out of his company's funds. Rushed and eager to get off the phone, she said yes. That misinformation cost Kriegel \$25,000 in IRS audits.

He then related an experience with a recent audience of 300 dairy farmers. He asked them to shout out the color of a piece of white paper. Then he had them shout out the same color six times in rapid succession. Without giving them time to think, he then shouted out "What do cows drink?" These knowledgeable experts on bovine behavior all shouted out, "Milk," when every one of them knew that cows drink water, not milk.

In fact, studies show that hurried workers make 25% more mistakes. This, of course, undermines customer confidence and costs the company time and money in needless rework. Working faster is not working smarter, no matter what the slogans say. What's more, working too fast can kill a leader's ability to motivate and communicate clearly.

### **Entering the Age of Innovation with its out-of-the-box thinking**

If speed won't help you win, what will? Breaking out of the old mindset and dramatically changing the rules of the game, says Kriegel. In a tough marketplace, you're not going to get ahead doing things the old way, even if you do them faster and a little better. Instead, reinvent the game or redefine the rules of the game you're in-that's a real winning strategy.

New ideas don't happen when you're racing around, says Kriegel. In fact, the best ideas don't occur in meetings or even necessarily at work. They come when we least expect them. New ideas come when we're driving or in the shower or taking a nap-in other words, during a time-out. Sports teams use time-outs to regroup, rethink, strategize. Smart business leaders and managers do the same thing. They take time-out to think, plan, doodle. The most creative people spend a limited amount of time focussing directly on a problem, mostly so they can thoroughly understand (ask questions, read information). Then they stop and do something different so an innovative solution can have a chance to surface. This kind of down time is really up time for the business. And smart leaders schedule time for it into their day.

### **Don't react to change. Create it.**

The companies that win in tough environments aren't the ones that respond quickest to change; they're the ones that create the change, that make things happen. They're the ones who challenge the current thinking, the status quo. In sports, this is exemplified by Dick Fosbury, who challenged the old way of doing the high jump in the 1968 Olympics and revolutionized the sport.

In a retail example, location, location, location has always been perceived as the key to retail success. Wal-Mart changed that idea completely by opening its stores on the perimeters of little towns. This illustrates one of Kriegel's fundamentals for success: Take one small element of how things are "always done" and flip it. Do the opposite of what everybody else is doing.

Other successful examples abound. Domino's Pizza, the fastest-growing fast-food franchise, doesn't have the greatest pizza but they took pizza to their customers rather than trying to get people to come to them. Amazon.com changed the way people shop with a huge inventory available online. And Dell Computers changed a comparable element by having no inventory and customizing each computer for its purchaser.

Another client was an association of museum store directors, who were doing poorly at getting new customers into their stores. So Kriegel coached them into going after repeat business. In a pilot study with 50 stores, he helped them create membership organizations with special events, special promotions, and alternative ways to access the merchandise (craft fairs, exhibits at local universities, catalog and Internet sales), in other words, bringing the store to the customer, the flip-side of bringing customers to the store. At the end of the 9-month pilot study, the stores had increased revenues 46% on average.

Kriegel advises breaking down your current "game" into as many elements as you can. Then take that list and write down the opposite of that element. Which of these elements could you do differently and what would that look like? Nothing may be feasible but you will have opened your mind up and broken the old pattern of thinking. (Kriegel admits to having been highly influenced by his work with Israeli physicist and bodywork revolutionary Moshe Feldenkrais, who taught ways of using and holding the body that broke up the old patterns to increase flexibility. Kriegel advocates a kind of mental Feldenkrais movement.)

### **DON'T COMPETE-CHANGE THE GAME**

- Play outside the lines.
- Flip your assumptions: look at the situations, strategies, and problems from an opposite vantage point.
- Step into the future and look back.
- Think like a beginner, not an expert. Look at your situation with fresh eyes, an open mind, and no preconceived notions-as if you were starting your job today.
- Lead customers; don't follow them. Do the unexpected.
- Look outside the box into other industries. Who in other fields are experts at playing your game? Borrow ideas from them and adapt them to your situation.

### **Look for ideas in all the wrong places.**

Kriegel says that a key winning strategy is looking for answers in untraditional places, for example, getting a younger mentor rather than an older one, especially in high tech. And it helps to tell people, all kinds of people, what you need. Several years ago as he was designing a new brochure for his business, he had gotten a two-week estimate for completion from his local print shop. A friend's teenage daughter overheard his dismay at this timing, boasted that she could turn something around for him in less than an hour with her new scanner and printer. The kid turned out a great brochure for him that saved a lot of money and a lot of time.

Many companies make the mistake of trying to learn from the best in their own industry. Kriegel warns that this is not where innovation lies. You have to truly get out of the box, he says. Read materials from other industries and other professions. If you're a banker looking to up customer

revenues, spend a week with a car salesman. Visit Dell to discover how you could operate without inventory.

A hospital client of Kriegel's was seeking to be known for great service. Instead of visiting other hospitals, they sent personnel to spend a week at a famous spa, a great hotel, and the Love Boat! These hospital staff members came back full of great ideas, which resulted in repainting, redecorating, changing the menu and staffing ratios. In the end, they could bill themselves legitimately as an "intensive caring hospital."

Similarly, Southwest Airlines got their long-term reputation for on-time arrivals by creating fast turnaround. When they were looking for processes to implement, they went to the Indy 500 to see how pit stops were done. Now they operate on 3 people doing turnaround servicing for their planes (competitor United uses 12). And Nokia got their idea for best-selling color phones from a Nokia employee who visited Venice Beach, CA. He noticed that people had completely color-coordinated outfits. Why wouldn't they buy a phone to match?

The moral of these stories? Look for ideas in places you've never looked before. The further outside the industry box you look, the better ideas you'll get.

### **Instead of repackaging your services, offer something new.**

One way to do it differently is to change what you offer. Kriegel worked with a hospital that had empty beds. None of the administration's attempts to fill them were working. So working with the staff, he helped them flip it around. They sold the beds and created a wellness unit-ways to keep people out of a hospital bed. In two years they had tripled the income generated by that space in the hospital.

Other organizations are adding additional revenue streams through broadening their services, turning themselves from cost centers to profit centers. Kriegel has worked with fire departments that are selling ambulance services, hazardous clean-up work, rescue operations, and even renting out their facilities for trainings. Cities are opening retail stores.

One secret of innovation is to create unusual combinations. Offer something that hasn't been offered by your industry before. Bookstores are now selling entertainment and food. Retailers, like REI, are offering classes and drawing in people with climate environment rooms where people can test out the equipment before they buy. And while it's fine to offer services directly related to your products, as REI is doing, don't forget about the potential of offering services that are more tangential. Do you have clients who need help motivating their staff? Who could use some training in better salesmanship? Offering assistance to help your customers grow their businesses can cement a relationship that pays off big in the end.

### **Don't just satisfy your customers-surprise them!**

Do-or create-the impossible for your customers. The old way of doing business is to ask your customers what they want. Unfortunately, they will limit themselves to the possible. A farmer in

1900 would have asked for a bigger or better horse; he wouldn't have been able to ask for a tractor, which is what he really needed, because they didn't exist yet. So instead of asking what your customers would like, get them to complain. In every complaint, there's the seed for an innovative idea or two. Getting customers to respond to any of the following creates a much more productive focus group:

- Things would be really perfect if...
- I know it's impossible but...
- What I'd really love...
- What we really need...
- I'd give you all my business if you could only...
- The biggest headache I have is...
- What would be ideal is...

All of the following innovations were the fruit of complaints, which squarely put the customers' needs in front of the companies:

- A graveyard-shift checker in a major supermarket chain heard a customer complaining about her lack of time to shop. He was underworked on the job and offered to do it for her. She dropped off a list after work and picked it up the next morning. Out of this grew personal shoppers and grocery store delivery.
- Some Lexus customers loved their cars but complained about the lack of convenient dealerships for getting regular tune-ups. Out of this grew a mobile Lexus tune-up truck.
- Bottling plants complained about the huge cost when their equipment broke down. The equipment manufacturer began hiring and training repair people with pilot's licenses. Then they moved to a video training option.

Customers got what they needed out of complaining to an attentive ear.

## **Rounding up Sacred Cows**

What stands most in the way of innovation in most companies is a trainload of old baggage: the policies, procedures, practices, systems, and strategies that make up "we've always done it this way." Kriegel calls these "Sacred Cows."

### **Some typical Sacred Cows**

- **Paper cows:** Reports no one reads
- **Meeting cows:** Unproductive, mind-numbing, time wasters
- **Cash cows:** Old, "reliable" but worn-out products and processes

- **Expert cows:** Those using yesterday's thinking to solve today's--and tomorrow's-- problems
- **Techno cows:** The belief that technology will solve all the problems and give the edge

Identifying what you've always done, those old habits that keep you stuck in your thinking and doing, can really open up your company to innovation. Kriegel has practical advice for putting Sacred Cows out to pasture.

1. **Get everybody involved.** Sacred Cow hunts work best if it's not an executive project, and beginners and those who serve in the trenches often have the best ideas. A shipping clerk at Proctor & Gamble identified a Sacred Cow in packaging. He noticed a tremendous amount of time spent putting the deodorant in a open-face carton, then in Styrofoam, then in another cardboard container. When he asked why, an old-timer said it was to protect the glass container. But the kid pointed out that they were using plastic containers. When the company had made the switch from glass to plastic, they hadn't reduced the padding and packaging, costing untold amounts of time and money. Remember: When you bring in something new, it will impact everything.
2. **Make the Sacred Cow hunt a campaign.** Kriegel recommends a hunt of at least three months. Many companies decide to make this an ongoing part of their evaluative process.
3. **Make the Sacred Cow hunt fun.** Merck, for example, holds monthly Sacred Cow barbecues with Sacred Cow signs, aprons, and chef's hats. All this fun has led to a 12% reduction in costs.

*Here are some other things to keep in mind:*

An important element of the Sacred Cow hunt is to announce that *nothing is sacred*. This encourages people to challenge everything. What can be eliminated? Most businesses are doing things faster and cheaper and many of these things shouldn't be done at all. *What would happen in your company if these things just didn't exist?*

**Check your inheritance.** Who created this policy or practice? Why? When? A major tire manufacturer was wrapping all tires in foil as they left the assembly line and a new person to the company questioned why. Turns out that this policy had been instituted when the biggest product was white-wall tires that were being returned because they were dirty or marred. But now, 20 years later, only 3% of their sales were white walls. Putting that Sacred Cow to pasture has saved the company \$24 million. *Look especially closely at those things you've been doing the longest.*

**Whose turf is it?** Does this cow come to you courtesy of another department? Do you need it? Do they?

**Bull or cow?** Does the "sacred" tradition or process improve quality or customer service,

productivity or morale? If not, put it out to pasture.

*Pains and busy work.* What are the aspects of your job that you like the least, that are a drag and wear you down or seem like busy work? What can be eliminated?

**Listen down-to the people you might not think have the answers.** A laundry worker in a big El Paso hospital chain noticed that the volume of hospital gowns being washed had doubled. She found out the hospital had begun suggesting that patients use two gowns, because they were too short and often too narrow for the patients. On her own time, she sewed a new, bigger and longer one. This chain has now sold 750,000 of these new gowns to other hospitals.

## **What's a leader to do?**

The role of the leader in playing to win is to maximize the time of their staff to foresee the obstacles and eliminate them for the staff. Where does the time go?

Start by asking what activities move your business forward by directly serving your customers. Kriegel calls this customer-oriented work time "green time." What things, like bureaucratic reporting, don't directly serve the customer? Kriegel calls this "red time." When they did a thorough analysis, Bank of America discovered that most of their customer-service employees were spending up to 45% of their time in red time! Where could your business make a shift?

### *1. Shrink the Paper Cow*

Do you need to put paperwork on a diet? Most businesses produce 51% more paper than gets read. This is the Paper Cow. With one client, Kriegel analyzed a 10-column report and suggested eliminating two columns. They tried it, sent it, and nobody complained. The next report, they combined four more columns into two and started sending out the 6-column report. No complaints. Then they just didn't send the report out at all for four months. Still no complaint. In the end, when they sent out a now quarterly report of 4 columns, the president of the division responded with praise for a concise, timely effort. A good question to ask about paperwork: Does it improve product or productivity or customer relations? If not, reconsider its use or size.

At Polaroid, an analysis showed that traveling sales people were required to get two signatures for any projected travel over \$100. Getting the two signatures often took 2-4 days and the sales people were losing cheaper fares in the lag time. It was estimated that the two-signature Sacred Cow was costing the company \$15 million a year in excess fares. The same question can be asked about process: Does it improve product or productivity or customer relations? If not, reconsider.

### *2. Stanch the email flood.*

Email is a fabulous tool that's massively overused. Most company workers spend about an hour reading and answering email, and that amount of time is projected to increase by 400% (!) in the next decade. At the same time, only 10-12% of the email messages are green-time related; the

rest is red-time or has nothing to do with business whatsoever. (Kodak estimated that it took employees on average 18 seconds to read each of the many jokes that circulate through their internal email, costing the company \$500 million in lost time.)

Some Kriegel suggestions for stanching the email flood:

- Rethink your use of group emails. Let go of the need to cover all bases by emailing everyone with everything. Send emails only to those directly affected and to those you're sure really need to know.
- Eliminate the email/voice mail/hard copy duplications. Choose an effective medium of communication and use it by itself.
- Develop a code for urgency (e.g., 1=crucial, 5=at your leisure/never) and get your group to use it in the subject box.

### *3. Managing the Meeting Cow*

Most corporate personnel are plagued with a schedule full of unproductive meetings, most of which is red time. In the mood of "nothing is sacred," what would happen if this meeting didn't exist? As an alternative, Kriegel suggests cutting meetings in half (frequency and duration) to see what happens: a weekly hour-long staff meeting would thus become a half-four meeting every other week. Companies who've tried this find that lots more gets done and everyone has more green time. Other suggestions include meetings without chairs (the chitchat factor drops off completely) and locking the doors at start-time or charging a late fee by the minute if meeting time is regularly extended because of latecomers.

### **How to turn your new ideas into action with "can-do" thinking.**

- *Passion is essential*, says Kriegel. It's the fuel of the human engine and it's contagious. So if you're not excited about the idea, no one else will be either and nothing will happen. One way to assess this is to ask everyone to rate the new ideas on a 10-point scale with 10 as "really excited" and 1 as "ho-hum." Studies have shown that if the idea doesn't receive an 8 or more, it won't happen. It becomes just something else to do on an already-full plate.
- Next, *always make the first step something small* that you know you and your group can succeed at. If the first step is a flop, it's harder to keep the momentum up. We all know how hard a second sales call is to make when the first one bombs. Make your idea a victory by starting with a little less than you know you can accomplish.
- *Take on things that are within your control*: in your area, your department, your division. If you have to enroll a lot of higher ups, it's much harder to get started and keep going. Start with the small things and those places where you-or your staff-have strengths already. If you start off with things that people aren't good at, it won't work. In addition, identify and use the varying strengths on your team rather than trying to make them alike.

### **Watch out for fire hoses.**

The first response to new ideas is seldom passion or even enthusiasm. It's resistance. People don't like to change. They're afraid of looking bad, of making mistakes, of losing. Seeing your new ideas through this lens of fear makes everything look worse, harder, longer than it really is. And we're all creatures of habit. If we've done something one way for a while and it works okay, we want to keep doing it that way.

But habit numbs the mind and dulls our capacity for flexibility-physically and mentally. It's good to do things differently in all parts of our lives: work, home, exercise, etc. (Kriegel suggests breaking one habit each week just to stay flexible: wear your watch on the other wrist for a week, brush your teeth with your other hand, sit in a different chair in a meeting.)

Fire hoses are the knee-jerk responses that fear and habit can produce. The supreme verbal wet blanket, fire hoses kill three things: ideas, motivation, and the spirit of your enthusiastic personnel.

Here are some of the common fire hoses:

- **Yeah, but...** This is a thin disguise for disagreement.
- **Too \_\_\_\_\_** (too hard, too expensive, too quick, too slow, too complicated, too easy)
- **They'll never buy it.** Who's "they" and how do you know?
- **It's unrealistic.** "Realistic" is another name for yesterday's thinking.
- **It's just a fad.** So were compact cars, fax machines, microwaves, cell phones.
- **It can't be done.** Who says? How do they know?
- **We're gonna look stupid.** So what? New ideas come out of trying to win, not playing not to lose.
- **It's not in the budget.** Of course not. This year's budget was made last year under different circumstances. Sticking to yesterday's thinking gets you nowhere.
- **That's not the way we do things around here.** The voice of tradition.
- **If it ain't broke, don't fix it.** Says Kriegel, if you don't mess with success, you won't have any success to mess with. And if you wait until it's broke, there may be nothing left to fix.
- **Don't rock the boat.** The boat of the economy is already rocking. You can choose to roll with it or stay scared.
- **Don't stick your neck out.** Playing it safe is the most dangerous way to proceed; to succeed you have to be bold.

It's important to stoke people's fires, not soak them. If you're interested in being innovative and successful, it's as important to honor the new ideas as it is to hunt out and barbecue the Sacred Cows. New ideas, new possibilities, new opportunities can be the real capital of your company. Chase those dreams!

## **The Kriegel Summary for Rethinking the Rules & Reinventing the Game**

- Rushing slows you down. It hinders communication, quality, and creativity.
- Hunt sacred cows. Don't do faster and cheaper what shouldn't be done at all.
- Eliminate email epidemics, paper piles, and meeting mania.
- Flip the rules and consider the opposite action or idea.
- Think like a beginner. Wipe the slate clean and challenge assumptions.
- Create odd combinations by combining seemingly unrelated products and service.
- Look back and use old ideas in completely new ways.
- Try easier instead of harder: a passionate 90% is more effective than a panicked 110%.
- Take time-outs to spend thinking and to be "out of touch" every day.
- Have fun. It evokes your creativity and that of those around you.