

Thank you for buying this book.

It is our sincere hope that this book guides you, your people, and your organization to the highest levels of satisfaction and performance. Please join our [www.LeaderChat.org](http://www.LeaderChat.org) community where you can interact with others who strive to help people win at work.

**Ken Blanchard and Garry Ridge**

## Praise for *Leading at a Higher Level*

"At Southwest Airlines, we have always strived to lead at a higher level. We truly believe that profit is the applause you get for taking care of your internal and external customers. We have always insisted upon a happy, carefree, team-spirited—yes, even fun—working environment, which we think results in motivated employees who will do the right thing for their internal and external customers. Reading this book will make a positive difference in your organization."

**Colleen C. Barrett**, *President Emeritus, Southwest Airlines*

"This is not just theory. It is the real stuff, tried in dozens of companies big and small. It represents the most concise, practical, and effective thinking on leadership around. Plainly said, this works."

**Gary Crittenden**, *Managing Director, Huntsman Gay Global Capital, former CFO of Citigroup and American Express*

"Leading at a higher level is a must today if leaders are to rebuild trust and credibility, as we are doing at Tyco. This book will teach you how."

**Eric Pillmore**, *Senior Vice President of Corporate Governance, Tyco International*

"*Leading at a Higher Level* translates decades of research and 30 years of global experience into simple, practical, and powerful strategies to equip leaders at every level to build organizations that produce bottom-line results. At Nissan, we have made these principles a core part of our leadership philosophy, better equipping our managers to bring out the great energies and talents of our employees."

**Jim Irvine**, *Vice President of Human Resources, Nissan North America*

The concepts in *Leading at a Higher Level* have been used by high performing organizations around the world, including:

Abbott Laboratories	Fairmont Hotels & Resorts	Pepperdine University
AMF Bowling Worldwide, Inc.	FedEx Kinko's Office and Print Services	Polaris Industries
Anthem Blue Cross and Blue Shield	Fireman's Fund Insurance Company®	The Ritz-Carlton Hotel Company
Applebee's International, Inc.	Foster Farms	Royal Caribbean Cruises Ltd.®
Bayer AG	Genentech, Inc.	Safeco Corporation
Big Lots Stores, Inc.	Georgetown University	San Diego Padres
Biogen Idec Inc.	Hilton Hotels Corporation	S.C. Johnson & Son, Inc.
Bose® Corporation	Home Depot	Six Continents Retail
Bowater® Incorporated	Host Hotels & Resorts, (formerly known as Host Marriott)	Sony Corporation of America
Burger King®	Hyatt Corporation	Staples, Inc.
Callaway Golf Company	Jack in the Box Inc.	Toshiba Corporation
Caterpillar Inc.	Kennedy Space Center	Toyota Motor Corporation
Cellular One	Krispy Kreme Doughnut Corporation	TRW Automotive Inc.
Chick-fil-A®, Inc.	L'Oréal	Tyson Foods, Inc.
Children's Hospital	Mattel, Inc.	UCLA
The Coffee Bean and Tea Leaf®	Marriott International	United States Postal Service®
Comerica Incorporated	MCI, Inc.	UPS™
Compaq	Merck & Co., Inc.	Verizon
CompUSA®	The Michelin Group	Victoria's Secret
ConocoPhillips	Microsoft Corporation	Wal-Mart Stores, Inc.
Domino's Pizza	Nabisco	Washington State Criminal Justice Training Commission
Dow Corning Corporation	Nissan Motor Co.	WD-40 Company
Energy Northwest	Northrop Grumman Corporation	Wells Fargo & Company
Exxon Mobil Corporation	Novartis AG	Wendy's International, Inc.
		Yellow Pages (GTE)

LEADING  
AT A  
HIGHER  
LEVEL

*Revised and Expanded Edition*



## CONTRIBUTING AUTHORS

---

Ken Blanchard

Marjorie Blanchard

Scott Blanchard

Madeleine Blanchard

Don Carew

Eunice Parisi-Carew

Kathy Cuff

Garry Demarest

Chris Edmonds

Fred Finch

Susan Fowler

Bob Glaser

Lael Good

Vicki Halsey

Laurence Hawkins

Judd Hoekstra

Fay Kandarian

Linda Miller

Alan Randolph

Jesse Stoner

Drea Zigarmi

Pat Zigarmi

# LEADING AT A HIGHER LEVEL

*Revised and Expanded Edition*

*Blanchard on Leadership  
and Creating High  
Performing Organizations*

The Founding Associates and Consulting Partners  
of The Ken Blanchard Companies

*with an Introduction  
by Ken Blanchard*

Vice President, Publisher: Tim Moore  
Associate Publisher and Director of Marketing: Amy Neidlinger  
Editorial Assistant: Pamela Boland  
Development Editor: Russ Hall  
Operations Manager: Gina Kanouse  
Digital Marketing Manager: Julie Phifer  
Publicity Manager: Laura Czaja  
Assistant Marketing Manager: Megan Colvin  
Cover Designer: Chuti Prasertsith  
Managing Editor: Kristy Hart  
Senior Project Editor: Lori Lyons  
Copy Editor: Gayle Johnson  
Proofreader: Kay Hoskin  
Senior Indexer: Cheryl Lenser  
Senior Compositor: Gloria Schurick  
Manufacturing Buyer: Dan Uhrig

© 2010 by BMC, Blanchard Management Corporation  
Upper Saddle River, New Jersey 07458

For information about buying this title in bulk quantities, or for special sales opportunities (which may include electronic versions; custom cover designs; and content particular to your business, training goals, marketing focus, or branding interests), please contact our corporate sales department at [corpsales@pearsoned.com](mailto:corpsales@pearsoned.com) or (800) 382-3419.

For government sales inquiries, please contact [governmentsales@pearsoned.com](mailto:governmentsales@pearsoned.com).

For questions about sales outside the U.S., please contact [international@pearsoned.com](mailto:international@pearsoned.com).

Company and product names mentioned herein are the trademarks or registered trademarks of their respective owners.

All rights reserved. No part of this book may be reproduced, in any form or by any means, without permission in writing from the publisher.

Printed in the United States of America

21 16

ISBN-10: 0-13-701170-9

ISBN-13: 978-0-13-701170-4

Pearson Education LTD.

Pearson Education Australia PTY, Limited.

Pearson Education Singapore, Pte. Ltd.

Pearson Education North Asia, Ltd.

Pearson Education Canada, Ltd.

Pearson Educación de Mexico, S.A. de C.V.

Pearson Education—Japan

Pearson Education Malaysia, Pte. Ltd.

#### Library of Congress Cataloging-in-Publication Data

Blanchard, Kenneth H.

Leading at a higher level : Blanchard on leadership and creating high performing organizations / the founding associates and consulting partners of The Ken Blanchard Companies. — Updated ed. p. cm.

ISBN 978-0-13-701170-4 (hardback : alk. paper) 1. Leadership. 2. Organizational effectiveness. I. Ken Blanchard Companies. II. Title.

HD57.7.B5612 2010

658.4'092—dc22

2009024874

---

*Dedicated to all leaders in the world  
who are trying every day to lead at a higher level.*

*May you keep your energy high and know  
that what you are doing makes a difference.*

---

# CONTENTS

---

*Introduction: Leading at a Higher Level*

*by Ken Blanchard*    xv

## SECTION I: SET YOUR SIGHTS ON THE RIGHT TARGET AND VISION    I

### CHAPTER 1    **IS YOUR ORGANIZATION HIGH PERFORMING?**    3

*Don Carew, Fay Kandarian, Eunice Parisi-Carew,  
Jesse Stoner, and Ken Blanchard*

*The Right Target: The Triple Bottom Line • A High  
Performing Organization SCORES Every Time • The HPO  
SCORES Model • The HPO SCORES Quiz*

### CHAPTER 2    **THE POWER OF VISION**    17

*Jesse Stoner, Ken Blanchard, and Drea Zigarmi*

*The Importance of Vision • Effective Versus Ineffective Vision  
Statements • Creating a Vision That Really Works • A  
Compelling Vision Creates a Culture of Greatness • Vision Is  
the Place to Start • Make Your Vision a Reality • Vision and  
Leadership*

## SECTION II: TREAT YOUR CUSTOMERS RIGHT    31

### CHAPTER 3    **SERVING CUSTOMERS AT A HIGHER LEVEL**    33

*Ken Blanchard, Kathy Cuff, Vicki Halsey,  
and Jesse Stoner*

*Getting Legendary SCORES from Your Customers • Creating  
Legendary Service • Serving Customers at a Higher Level •  
Deliver Your Ideal Customer Service Experience • Permitting  
People to Soar • Wallowing in a Duck Pond • Give Your People  
Wings • Creating Legendary Service Requires Gung Ho People*

**SECTION III: TREAT YOUR PEOPLE RIGHT 55**

**CHAPTER 4 EMPOWERMENT IS THE KEY 57**

Alan Randolph and Ken Blanchard

*What Is Empowerment? The Power of Empowerment • How Past History Blocks Change to Empowerment • Tapping People's Potential: A Real-World Example • Learning the Language of Empowerment • The Three Keys to Empowerment*

**CHAPTER 5 SITUATIONAL LEADERSHIP® II:  
THE INTEGRATING CONCEPT 75**

The Founding Associates

*Matching Leadership Style to Development Level • Development Level Varies from Goal to Goal and Task to Task - The Importance of Meeting People Where They Are • The Three Skills of a Situational Leader • Effective Leadership Is a Transformational Journey*

**CHAPTER 6 SELF LEADERSHIP: THE POWER BEHIND  
EMPOWERMENT 91**

Susan Fowler, Ken Blanchard  
and Laurence Hawkins

*Creating an Empowered Workforce • Creating Self Leaders Through Individual Learning • The Three Skills of a Self Leader*

**CHAPTER 7 PARTNERING FOR PERFORMANCE 105**

Fred Finch and Ken Blanchard

*Establishing an Effective Performance Management System • Partnering and the Performance Management System • Partnering as an Informal Performance Management System*



## Contents

### **CHAPTER 8    ESSENTIAL SKILLS FOR PARTNERING FOR PERFORMANCE: THE ONE MINUTE MANAGER®    129**

Ken Blanchard and Fred Finch

*One Minute Goal Setting • One Minute Praisings • Reprimanding Versus Redirection • The Fourth Secret of the One Minute Manager*

### **CHAPTER 9    COACHING: A KEY COMPETENCY FOR LEADERSHIP DEVELOPMENT    149**

Linda Miller and Madeleine Homan Blanchard

*Definition of Coaching • Five Applications of Coaching*

### **CHAPTER 10    SITUATIONAL TEAM LEADERSHIP    165**

Don Carew, Eunice Parisi-Carew, Lael Good, and Ken Blanchard

*Why Teams? • Why Teams Fail • Five Steps to High Performing Teams • The Miracle of Teamwork*

### **CHAPTER 11    ORGANIZATIONAL LEADERSHIP    191**

Pat Zigarmi, Judd Hoekstra, Ken Blanchard, and Drea Zigarmi

*The Importance of Managing Change • Why Is Organizational Change So Complicated? • When Is Change Necessary? • Change Gets Derailed or Fails for Predictable Reasons • Focus on Managing the Journey • Surfacing and Addressing People's Concerns • Organizational Leadership Behaviors • Involvement and Influence in Planning the Change*

### **CHAPTER 12    STRATEGIES FOR LEADING A CHANGE    215**

Pat Zigarmi and Judd Hoekstra

*Nine Change Leadership Strategies*

## Contents

### **CHAPTER 13 MANAGING A SUCCESSFUL CULTURE TRANSFORMATION 241**

Garry Demarest, Chris Edmonds, and Bob Glaser

*Gung Ho!: A Starting Point • Culture by Default, Not by Design • Senior Leaders Are Skeptical about Culture • The Importance of a Compelling Vision • From Gung Ho! to a Proven Cultural Transformation • Managing a Successful Cultural Transformation • Critical Success Factors for Cultural Transformation*

### **SECTION IV: HAVE THE RIGHT KIND OF LEADERSHIP 259**

### **CHAPTER 14 SERVANT LEADERSHIP 261**

Ken Blanchard, Scott Blanchard, and Drea Zigarmi

*What Is Servant Leadership? • Applying Servant Leadership • Great Leaders Encourage Their People to Bring Their Brains to Work • What Impacts Performance the Most? • Being a Servant Leader Is a Question of the Heart • Driven Versus Called Leaders • The Plight of the Ego • What Servant Leaders Do • Servant Leadership: A Mandate or a Choice*

### **CHAPTER 15 DETERMINING YOUR LEADERSHIP POINT OF VIEW 289**

Ken Blanchard, Margie Blanchard, and Pat Zigarmi

*Elements of a Leadership Point of View • Developing Your Own Leadership Point of View*

**ENDNOTES 309**

**ACKNOWLEDGMENTS 323**

**ABOUT THE AUTHORS 327**

**SERVICES AVAILABLE 347**

**INDEX 351**

## LIST OF ILLUSTRATIONS

Illustration	Page
Figure 1.1 The HPO SCORES™ Model	12
Figure 3.1 The Implementation Role of Leadership	49
Figure 5.1 The Situational Leadership® II Model	77
Figure 5.2 Matching Leadership Style to Development Level	82
Figure 6.1 Points of Power	96
Figure 6.2 The Needs Model	100
Figure 7.1 The Partnering for Performance Game Plan	110
Figure 7.2 Situational Leadership® II Leadership Styles	116
Figure 9.1 The Coaching Sweet Spot	151
Figure 10.1 Team Performance Process	168
Figure 10.2 The Team Charter	173
Figure 10.3 The Stages of Team Development Model	175
Figure 10.4 Situational Leadership® II Team Leadership Styles	182
Figure 10.5 Situational Leadership® II: Matching Leadership Styles to Team Development Stages	183
Figure 11.1 The Stages of Concern Model	198
Figure 12.1 The Leading People Through Change Model	216
Figure 12.2 Perceived Loss of Control Increases Resistance to Change	218
Figure 14.1 The Leadership-Profit Chain	269

# Introduction

Several years ago, my wife Margie and I went on a safari in South Africa with some family and friends. We had been on a number of safaris over the past 20 years, but this time I saw some things differently. The jungle appeared more vicious, competitive, and territorial than ever before. If you've ever heard a lion roar, it sends chills up your back. When our long-time guide, Gary Clarke from Topeka, Kansas, imitates the lion's roar, he shouts, "It's mine, mine, mine, mine!" That's because when the lion roars, what he's really saying is, "This is my territory. Don't mess with me." In fact, lions will kill their sons if the sons challenge their fathers' control over their territory.

The reason I saw this more vividly than ever before is that I had decided on this trip that I was going to find out as much as I possibly could about Nelson Mandela. We had been at a dinner party where people around the table were asked to share what person—of anyone in the world—they would love to have dinner with. It was a quick decision for me. I said, "Nelson Mandela. I would love to have dinner with a man who was in prison for 28



## Leading at a Higher Level

years and treated cruelly, yet came out of that experience full of love, compassion, and reconciliation.” On the trip, I began to read Mandela’s autobiography, *Long Walk to Freedom*.

When I compared what I saw in the jungle with how Mandela had reacted to his treatment, I realized that in many ways we as human beings are just intelligent animals. And being intelligent animals, we can choose every day whether to be self-serving or serving. Jungle animals, like the lion, can’t make that choice. They have to protect their territory. It’s not in their nature to share with other species. And yet, just as Mandela did, we as human beings can make choices to live and lead at a higher level, to be serving rather than self-serving. But when you look at the leaders around the world—whether they’re running countries, businesses, churches, educational institutions, or what have you—too many people are choosing to be self-serving rather than serving. Why is that? Because they don’t have a different leadership role model. They have been conditioned to think about leadership only in terms of power and control. That’s what this book is all about—a different leadership paradigm. We want to help individuals and organizations lead at a higher level.

## Leading at a Higher Level

What is leadership? For years we defined leadership as an *influence process*. We believed that anytime you tried to influence the thoughts and actions of others toward goal accomplishment in either your personal or professional life, you were engaging in leadership. In recent years, we have taken the emphasis away from goal accomplishment and have defined leadership as *the capacity to influence others by unleashing their power and potential to impact the greater good*. Why did we do that? Because when the definition of leadership focuses on goal accomplishment, one can think that leadership is only about results. Yet when we talk about leading at a higher level, just focusing on goal accomplishment is not enough. The key phrase in our new definition is “the

greater good”—what is best for all involved. We think leadership is a high calling. Leadership should not be done purely for personal gain or goal accomplishment; it should have a much higher purpose than that.

What is a higher purpose? It is not something as internally focused and self-centered as making money. As Matt Hayes and Jeff Stevens contend in *The Heart of Business*, when it becomes obvious that profit, which is a legitimate goal, is the driving reason for being in business, everyone—stockholders, top managers, employees, customers, suppliers, and the community—quickly becomes self-serving. They focus on their own agenda and personal enrichment. Employee loyalty and passion often go out the window as the point of work becomes simply to get as much as you can for as little effort as possible.<sup>1</sup>

What is the answer to this dilemma? A higher purpose—a key element of what we will refer to throughout this book as a *compelling vision*. In Hayes and Stevens’ terms, it is something outwardly focused, it requires sacrifice—in other words, it takes precedence over any short-term goal like profit—and it is intrinsically honorable.

Leaders can be successful in the short run if they emphasize only goal accomplishment. What tends to fall by the wayside is the condition of the human organization. Leaders don’t always take morale and job satisfaction into consideration—only results count. They forget what the point is. They don’t have a higher purpose. In business, with that kind of leadership, it is a short leap to thinking that the only reason to be in business is to make money. An either/or is added to people and results. Leaders falsely believe that they can’t focus on both at the same time.

When you are leading at a higher level, you have a both/and philosophy. The development of people—both customers and employees—is of equal importance to performance. As a result, the focus in leading at a higher level is on long-term results and human satisfaction. *Leading at a higher level*, therefore, is a process. We define it as *the process of achieving worthwhile results*



*while acting with respect, care, and fairness for the well-being of all involved.* When that occurs, self-serving leadership is not possible. Why?

Self-serving leaders think that leadership is all about them and not about the best interests of those they serve. They forget about acting with respect, care, and fairness toward all involved. Everything is about their own self interest. It's only when you realize that it's not about you that you begin to lead at a higher level.

### Why Did We Write This Book?

In 2006 we wrote the original edition of this book for several reasons. First, our dream was that someday everyone will know someone who is leading at a higher level. Self-serving leaders will be a thing of the past, and leadership throughout the world will be composed of people who, as Robert Greenleaf said, “serve first and lead second.”<sup>2</sup> We wrote this book to help make our dream a reality.

Second, the vision of The Ken Blanchard Companies is focused on leading at a higher level. This kind of leadership begins with a vision. Jesse Stoner and I wrote a book called *Full Steam Ahead!* about the power of visioning. To us, a compelling vision tells you *who you are* (your purpose), *where you're going* (your preferred picture of the future), and *what will drive your journey* (your values).

The purpose of The Ken Blanchard Companies is to help individuals and organizations lead at a higher level. Our mission statement reflects our new definition of leadership:

---

*Unleash the power and potential of people  
and organizations for the greater good.*

---

Our picture of the future is

- Everyone is trained to lead at a higher level.
- Every organization is led by people leading at a higher level.

## Introduction

- People are motivated to lead at a higher level by observing people who lead at a higher level.

Our operating *values* are

- **Ethical Behavior:** Doing the right thing
- **Relationships:** Developing mutual trust and respect
- **Success:** Operating a profitable and well-run organization
- **Learning:** Always growing, inquiring, and developing

These values are ordered by rank. In other words, we won't do anything to improve the company's profitability that is unethical or that doesn't honor the relationships we have with our customers, our people, our suppliers, and our community. We realize that making money is not the higher purpose of our business.

You might say that this all sounds like Pollyanna—overly optimistic. That may be, but these are the standards we have set for ourselves. And these are the same high standards we want to help you and the people in your organization reach through this book. Helping individuals and organizations lead at a higher level is our passion, both for your organization and our own.

Finally, in many ways this book spells out our leadership point of view. Extensive research shows that effective leaders have a clear leadership point of view and are willing to share with others these beliefs about leading and motivating people. We hope reading this book will impact your leadership point of view.

### *How This Book Is Organized*

Over the years, I have found that in organizations where leading at a higher level is the rule rather than the exception, people do four things well:

- They set their sights on the right target and vision.
- They treat their customers right.

## Leading at a Higher Level

- They treat their people right.
- They have the right kind of leadership.

This book is organized into four sections. Section I focuses on *the right target and vision* and integrates our work on the triple bottom line, the characteristics of a high performing organization, and the creation of a compelling vision.

Section II highlights *treating the customer right* and integrates our work on legendary service, raving fans, and customer mania. Today, everybody should realize that their customers are the reason that their organization exists.

Section III focuses on *treating your people right*. This is where the rubber meets the road. If you don't empower your people and treat them right, they won't take care of your customers, and in the long run, you won't get your desired results. This is the longest section of the book, because your treatment of people is leadership in action. This is what The Ken Blanchard Companies has been focusing on for more than 30 years. In this section, we start with empowerment and then examine four leadership domains: self leadership, one-on-one leadership, team leadership, and organizational leadership.

Section IV zeros in on *the right kind of leadership*. Here we're not talking about leadership style; we're talking about character and intentionality. My travels over the years through organizations of all shapes and sizes have convinced me of two things: Effective leadership starts on the inside, and the right kind of leadership is servant leadership. This is a leadership not based on false pride or fear, but one that's grounded in humility and focused on the greater good. With the right kind of leadership, leading at a higher level can become a reality.

This section also includes our thoughts on determining your leadership point of view. This turns the focus to you. Here we assist you in pulling together many of the concepts you have learned and help you integrate and apply that knowledge to your own leadership situation.



## Introduction

Writing this book has been a labor of love. Pulling together our best thinking from more than 30 years of working together, it truly is *Blanchard on Leadership*. With new chapters on culture and coaching, this second edition includes not only Margie's and my thinking, but also all the wonderful contributions of our founding associates—Don Carew, Eunice Parisi-Carew, Fred Finch, Laurie Hawkins, Drea Zigarmi, and Pat Zigarmi—and other fabulous consulting partners who have really made Blanchard “the home of the authors,” including Scott Blanchard, Madeleine Homan Blanchard, Kathy Cuff, Garry Demarest, Chris Edmonds, Susan Fowler, Bob Glaser, Lael Good, Vicki Halsey, Judd Hoekstra, Fay Kandarian, Linda Miller, Alan Randolph, and Jesse Stoner .

We think everyone can lead at a higher level, whether at work, at home, or in the community. We hope that regardless of your position, the size or type of your organization, or the kind of customers or people you serve, you will learn some important information in this book. We also hope this book will help you lead at a higher level and create a high-performing organization that not only accomplishes your desired results but is a welcome harbor for the people you touch. May good come out of your reading of this book.

**Ken Blanchard**  
**San Diego, California**  
**Spring 2009**

*section I*

SET YOUR SIGHTS  
ON THE  
RIGHT TARGET AND VISION

---

# Chapter 1

## IS YOUR ORGANIZATION HIGH PERFORMING?

---

Don Carew, Fay Kandarian,  
Eunice Parisi-Carew, Jesse Stoner,  
and Ken Blanchard

Marksmen will tell you that when you aim at a target, you should go for the bull's-eye. The reason is that if you miss the bull's-eye, you're still on the target. But if all you do is aim for the target and you miss, you're nowhere. Don Shula, who coauthored *Everyone's a Coach*<sup>1</sup> with Ken Blanchard, always told his Miami Dolphins football team that the target they were aiming at was to win every game. Was that possible? Obviously not, but if you don't shoot for excellence, you never have a chance of getting there. That's probably why Shula's teams won more football games than teams of any other coach in the history of the NFL. His 1972 Dolphins is still the only team in history to go undefeated for an entire season. So the target you aim for has a lot to do with your performance.

Wall Street and the pressures of business today make many people think that the only target that counts is financial success. Yet few, if any, businesspeople would want their epitaph to include their company's bottom line—their stock price or profit margin. They might, however, want people to remember their contribution to the creation of a high performing organization.



Those who want to lead at a higher level need to understand that to create a high performing organization, they need to aim for the right target.

### *The Right Target: The Triple Bottom Line*

In high performing organizations, everyone's energy is focused on not just one bottom line, but three bottom lines—being the **provider of choice**, the **employer of choice**, and the **investment of choice**. This triple bottom line is the right target and can make the difference between mediocrity and greatness.<sup>2</sup> The leaders in high performing organizations know that their bottom line depends on their customers, their people, and their investors. These leaders realize the following:

---

*Profit is the applause you get for taking care of  
your customers and creating a motivating  
environment for your people.*

---

### *Provider of Choice*

Being the provider of choice is increasingly challenging. Competition is fierce as new competitors emerge unexpectedly. Customers are more demanding, with many more options at their fingertips. The world has changed in such a way that today the buyer, not the seller, is sitting in the driver's seat. These days, nobody has to convince anybody that the customer reigns. In fact, companies are motivated to change when they discover the new rule:

---

*If you don't take care of your customers,  
somebody else will.*

---

## Is Your Organization High Performing?

In *Raving Fans*®: *Satisfied Customers Are Not Enough*,<sup>3</sup> Sheldon Bowles and Ken Blanchard argue that to keep your customers today, you can't be content just to satisfy them. You have to create raving fans—customers who are so excited about how you treat them that they want to tell everyone about you. They become part of your sales force. Let's look at a simple yet powerful example.

What's the most common wake-up call that you get in a hotel in America today? The phone rings at the allotted hour, but when you pick it up, no one is there. At least they got the machine to call your room at the designated hour. The second most common wake-up call greets you with a recording. But again, no one's there. Today if you pick up the phone on a wake-up call and a human being is on the other end—someone you can actually talk to—you hardly know what to say. A while back, one of our colleagues was staying at the Marriott Convention Hotel in Orlando. He asked for a 7:00 wake-up call. When the phone rang and he picked it up, a woman said, "Good morning; this is Teresa. It's 7 o'clock. It's going to be 75 and beautiful in Orlando today, but your ticket says you're leaving. Where are you going?"

Taken aback, our colleague stammered, "New York City."

Teresa said, "Let me look at the *USA Today* weather map. Oh, no! It's supposed to be 40 degrees and rainy in New York today. Can't you stay another day?"

Now where do you think our colleague wants to stay when he gets to Orlando? He wants to stay at the Marriott so that he can talk to Teresa in the morning! Raving fans are created by companies whose service far exceeds that of the competition and even exceeds customer expectations. These companies routinely do the unexpected and then enjoy the growth generated by customers who have spontaneously joined their sales force.

### Employer of Choice

Being the employer of choice is equally challenging. With highly mobile, competent workers in demand, employers must find ways to attract and keep their best people. Good pay is no longer the only answer. It is true that some competent workers will go elsewhere for a higher wage; however, today's workers generally want more. They seek opportunities where they feel like their contributions are valued and rewarded—where they are involved and empowered, can develop skills, can see advancement opportunities, and can believe they are making a difference.

You will get little argument today if you tell managers that people are their most important resource. Some even argue that the customer should come second, because without committed and empowered employees, a company can never provide good service. You can't treat your people poorly and expect them to treat your customers well.

Several years ago, a friend of ours had an experience in a department store that illustrates this point well. He normally shops at Nordstrom but found himself in a competitor's store. Realizing that he needed to talk to his wife, he asked a salesperson in the men's department if he could use their telephone. "No!" the salesperson said.

He replied, "You have to be kidding me. You can always use the phone at Nordstrom."

The salesperson said, "Look, buddy! They don't let *me* use the phone here. Why should I let *you*?"

---

*People who are treated poorly tend to pass  
that attitude on to their customers.*

---

Another reason that your people are so important today is because these days your organization is evaluated on how quickly it can respond to customer needs and problems. "I'll have to talk to my boss" doesn't cut it anymore. Nobody cares who the



## *Is Your Organization High Performing?*

boss is. The only people customers care about are the ones who answer the phone, greet them, write up their order, make their delivery, or respond to their complaints. They want top service, and they want it fast. This means that you need to create a motivating environment for your people and an organizational structure that is flexible enough to permit them to be the best they can be.

### *Investment of Choice*

Growing or expanding requires investment, regardless of whether the company is publicly owned, privately held, government, or nonprofit. All organizations require funding sources, through stock purchases, loans, grants, or contracts. To be willing to invest, people must believe in the organization's viability and performance over time. They need to have faith in the leadership, the quality of the people, the product and services, the management practices, and the organization's resilience.

If an organization's financial success is a function of revenue minus expenses, you can become more sound financially either by reducing costs or increasing revenues. Let's look at costs first, because in today's competitive environment, the prize goes to those who can do more with less. More organizations today are deciding that the only way to be financially effective is to downsize. There's no doubt that some personnel reduction is necessary in large bureaucracies where everyone just has to have an assistant, and the assistant must have an assistant. Yet downsizing is an energy drain, and it's by no means the only way to manage costs.

There's a growing realization that another effective way to manage cost is to make all your people your business partners. For instance, in some companies, new people can't get a raise until they can read their company's balance sheet and understand where and how their individual efforts are impacting the company's profit-and-loss statement. When people understand the business realities of how their organization makes and spends money, they are much more apt to roll up their sleeves and help out.