

Chapter 1

Why the Golden Circle?

When you are good to others, you are best to yourself.

—Benjamin Franklin (1706–1790)

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Welcome, as you enter the Golden Circle of Business, we hope that this book helps you take a new look at the relationships in your career, as well as in your life.

We put the time and energy into writing this book for good reason. Between us, we have 55 years of business experience with companies of various sizes—ranging from less than \$1 billion to more than \$42 billion in sales. We have experienced first-hand many of the challenges that both salespeople and businesses face and how they are handled.

Some businesses handle problems and obstacles very effectively. More often than not, however, they deal with challenges very ineffectively. That is, they use methods that may be appealing in some respects, but serve to alienate employees and drive customers away over the long term.

Why? We can't say exactly. Perhaps the pace of business is too fast to keep up with. It may be that personal pride and ego interfere with making the best decisions for all involved. The problem may also stem from the fact that some managers don't care enough to take the time to do things the "right way"; that is, the best way for the customer, for the employees, and thus, for the health of the business.

Regardless of the reason, throughout our careers, we have seen many of the same, negative scenarios played out time and time again. The unfortunate result is wasted

time, energy, financial resources, and most sadly, human potential.

After 12 years of independently analyzing what we've seen, we have both drawn many of the same conclusions that explain how businesses get into trouble in the first place.

Our solution is the *Golden Circle of Business*—the customer-oriented business system or paradigm that companies can leverage to attract and satisfy customers, energize employees, and keep a consistently healthy top line.

We named this paradigm the Golden Circle of Business because, in its simplest form, we view business as a neverending circle of repeating cycles, or concentric circles (see Figure 1.1). While poor decisions beget more poor decisions, all of which radiate throughout the entire organization, good decisions do the opposite; they beget more good decisions, which also affect the entire business.

If good decisions are creating and directing the movement of these cycles, a business will prosper. In other words, it will be “golden,” and it will affect and inspire everyone associated with it in a very positive way. You can be assured that in due time, the goodwill will spread like a gust of warm wind and penetrate the industry involved.

Unlike other popular approaches to business, the core of the Golden Circle of Business is a combination of two things: customer values and a sales system. The same principles that enable and encourage a sales system to achieve consistent success can be applied to all levels of

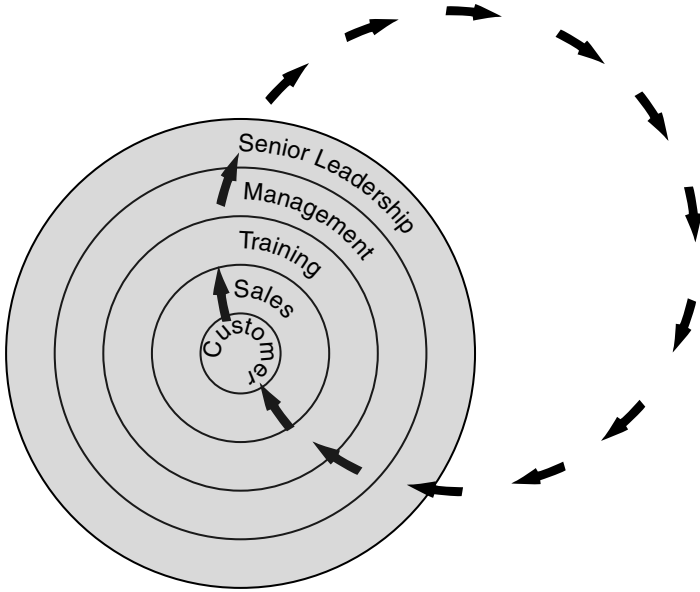


FIGURE 1.1 How the Golden Circle Works

an organization. If these principles are embraced and followed throughout the entire organization, they will create a positive dynamic, and in doing so, will ensure that the business achieves success as a whole.

AT THE CENTER: THE CUSTOMER

The basis for this business system is the customer and what matters most to him or her—more specifically, the customer’s values and expectations. Because no business

can operate without the customer, there is no more logical place to begin discussion of this business management system.

Our logic is simple: If a company aligns itself with the customer's values and consistently delivers its product or service in accordance with those values, then the customer will consistently utilize the company's offering. Consistent utilization of a company's offering will ensure a healthy top line. A healthy top line, in turn, produces healthy cash flow. Healthy cash flow provides profits and corporate growth, provided the balance of the business is being managed just as diligently and ethically.

Ring One: The Sales Process

The Golden Circle sales process draws its motivations and approach specifically from the customer's values and expectations. Doing so ensures that whenever a customer comes into contact with the business, the customer will be met with and leave with the correct "authentic" experience, a concept we explain in depth later.

When the customer's values and expectations are consistently met or even surpassed, this positive, satisfying experience creates a substantial, sustainable competitive advantage in the marketplace. In addition, customers begin to develop a sense of trust, and soon, your company name becomes synonymous with a high-quality product

or service, customer satisfaction, and integrity. Over time, the relationship your company has with its customer base becomes even stronger, which engenders more customer loyalty and goodwill, consistent referrals, and the enhancement of your company brand.

Ring Two: The Training Process

As you might expect, on-going training is essential to providing a consistent, high level of service. For customers to remain satisfied, they must be handled well every time. Training is the key to creating a “belief” in the company’s mission and its vision even before its employees have had the chance to experience it personally or put it into practice.

High-quality, on-going training is key for a corporation to maintain a commitment to its employees, a trust with its employees, and to ensure their consistent performance. Training will eventually overlap with and inspire a high-quality customer experience.

The combination of training and experience on a consistent basis fully validates the employee’s belief in the company’s vision and values. The employee then becomes fully engaged and, thus, lives and sustains the vision and values of the business. Well-trained, committed, satisfied employees inspire increased customer awareness, satisfaction, and retention.

Ring Three: Management Style

A fully committed management team must demonstrate and inspire the following four key values throughout the organization:

- *Mutual respect and dignity* for all employees and customers
- *Intelligence*, both emotional and rational
- *Trust* among supervisors, peers, and subordinates alike
- *Personal responsibility*

For a business to instill these values in employees, the management team must practice them in each and every decision, transaction, and interaction. This must happen at all levels throughout the organization through the daily and long-term management of the business. The positive spillover effect to customers will embellish and enhance the company brand name, giving the company a definite and sustainable competitive advantage over others.

Ring Four: Senior Management Leadership and Accountability

Very often, senior managers find it difficult to keep in touch with what is occurring through all levels of the organization—primarily because they find their schedules full of complex tasks such as strategic planning and

financial management. However, keeping in touch is the only way to really know if employees are being properly trained and if the sales and customer service process is truly aligned with customer values and needs. It is, therefore, vital to the success of the business for senior managers to include the following items in their list of top priorities:

- *Creating a process for observing and being involved in the business day to day:* Senior managers must find a way to observe as many levels as possible, and gather feedback on those operations. Without this important process, the information senior managers receive is likely to be filtered through a few trusted associates who may feel the need to please them.
- *Cultivating an atmosphere that allows for expression of candid feedback:* Senior management must insure that management at all levels are willing to listen to feedback as objectively as possible, and see it as valuable information they can use to improve the business.
- *Remain approachable:* Senior managers must be amicable to hearing dramatic differences of opinion. This way, and this way only, will employees feel free to express themselves. This way, and this way only, will executives truly learn the needs of employees and be able to make their top-level decisions based on practical, accurate information from the entire business chain.

- *Creating an infrastructure for continuous free and open communication:* You cannot hope for this to happen or assume it is happening on its own, you have to willfully create a system that will encourage the flow of honest and genuine information—the type of feedback that is the hardest to obtain.
- *Making trust an organizational goal:* To allow for continuing personal growth and accelerated learning, this goal (trust) needs to be measured at all levels and continually acknowledged as vitally important. People learn much more and work much more effectively with, and for, people they trust.
- *Focusing on good management, rather than just good margins:* Good management needs to be the first objective; if it is, good margins will naturally follow.

Above all, senior executives must understand that they are morally and fiscally accountable. But to whom first? One of the greatest challenges set forth by the Golden Circle, is that it calls for senior executives to be accountable to customers first and foremost, then to employees, and then to shareholders.

Most companies operate as if they are accountable to the shareholder first (some even mask that position by saying they are accountable to the employee first) which sets the cycle moving in the wrong direction and inspires short-term thinking. In turn, this points the

company in a direction that is likely to be counter to customer values.

The Golden Circle calls for senior-level executives to consistently base their decisions and conduct themselves according to the same customer values that form the basis of the sales process. By doing so themselves, they have a much better chance of ensuring that everyone else in the company is doing so. There must be a common value consensus among all employees, in every level and position in the company, for the customer to receive consistent treatment.

- *Remember that these values start with the sales system and flow upward.* Both the sales process and training system help instill these values throughout the company's entire culture upward, toward the management level, to the senior team. When these shared values guide senior leadership to make decisions that reflect customer values and satisfaction, those values are, once again, reflected downward throughout the company.

Perhaps the best thing about the Golden Circle model is that nothing can be faked; it has to be real. This integrity and interdependence of every level causes a healthy transparency and trust within the organization. Should something go wrong, it will be clear and

employees and customers will know. There is a huge advantage to the company that can work this way; the faster problems are uncovered, the faster they can be remedied. Customers hardly expect perfection; what they do respect is openness, honesty, a quick response, and fair treatment. The Golden Circle of Business ensures all four.