

CHAPTER 1

BEING CLEAR ON WHAT'S REALLY IMPORTANT

How did you decide how you spent your time yesterday? What criteria are you using to allocate your time tomorrow?

What do you stand for? What are you leading toward? How do you decide the best way to spend your time? What would your life be like if your answers to these questions were perfectly clear? The PRIMES called “LEADING,” “IN-ON,” and “CHANGE VERSUS TRANSFORMATION” will give you clarity about these fundamental questions. After you are outfitted with these three PRIMES, your calendar will never look the same. You will be selective about which meeting requests you choose to accept or decline. You will have a crystal clear rationale for why you are doing what you are doing and not doing what you are not doing. From this place of clarity, you will access ways to make more significant and meaningful contributions to groups and organizations of which you are a part and communities that you serve, using less effort.

The best is he who calls men to the best. And those who heed the call are also blessed. But worthless who call not, heed not, but rest.

∞ Hesiod¹
eighth century BCE Greek poet

Set Direction

Align Resources

Inspire Action

**Be Responsible
for Results**

LEADING

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LEADING

*Does being called a “leader” mean you are “leading”?
What does “leading” mean?*

Amazon.com currently sells 13,391 books on leadership. So why are people not leading effectively? Do we make it too complex? The LEADING PRIME defines the act of leading as setting direction, allocating resources, and inspiring action. Any time you are not doing these three things, you are not leading. Now let's put this distinction into context by looking at six words: three nouns and three verbs. First, the nouns:

Leader: A title

Manager: A title

Operator: A title

These three words convey what people *are*. They do not dictate or even indicate what a person of any given title actually does.

Now let's look at three verbs:

Leading: Setting direction, allocating resources, inspiring action, and being accountable for results

Managing: Balancing capacity with demand and ensuring predictable value is created using an efficient system

Operating: Using the system as designed to produce value

These words convey what people *do*. They specifically indicate an action. Acting in any of these three ways is not determined by what you are called. Many of us who are called leaders spend most of our time managing and operating. I also see, at times, people who are called managers and operators leading.

Take a moment to highlight the times over the last five days when you were setting direction, aligning resources, and inspiring action. Do the same for your boss (if you have one). Here are some tips to help you do an honest assessment. If you own a law firm, when you were practicing law, you were operating your business. If you are cutting hair in the salon you own, you are operating your business. If you own a consulting firm and you are consulting, you are operating your business. When you spend your time doing what the business does, you are not leading. Even when you spend your time making your business more efficient, you are managing, not leading, your business.

So, if you are like most of us, you will notice, looking back over the last week or so, that the attraction to manage and operate is very strong. This type of work is more certain and less risky. Leading is ambiguous and offers terrific opportunity to look bad in front of others.

I am not suggesting that there is a right answer to your allocation of time across these three activities. I am saying that unless the organization you are part of is perfectly suited for its future, people have to spend time leading. The question is, “Are the right people (including you) spending the right amount of time leading versus managing and operating?”

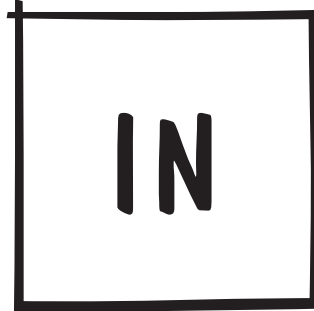


Discipline is remembering what you want.

∞ David Campbell²



ON



IN-ON

IN-ON

Are you seduced by working “in” the business at the expense of “on” it?

The IN-ON PRIME enables people to distinguish between working IN the business from working ON the business. Most people, especially leaders and managers, spend too much time in the operation and far too little time working on it.³

When working IN your business, you operate the systems and solve the problems that already exist. When you work ON your business, your activities either change or transform it; you bring forth new ways for the business to operate and produce extraordinary results (or failure) in the market. The power of this PRIME is unleashed once you recognize that at any time, you are either working IN your business or ON your business. IN isn't ON and there's no overlap.

Working “ON” the Business

Imagining the business as it will be
 Setting strategic direction
 Establishing budget
 Establishing hiring criteria
 Transforming the system
 Identifying new markets
 What are we going to do next?
 Determining what customers to serve
 Causing creative tension

Working “IN” the Business

Operating the business as it is
 Implementing strategy
 Managing budget
 Hiring people
 Making the current system run better
 Servicing the current market
 How can we do what we are doing better?
 Servicing existing customers
 Resolving creative tension

IN is seductive, whereas ON is ambiguous and scary. IN provides rich opportunities for leaders to take control, save the day, and earn expressions of praise and awe from staff and peers. ON carries inherent risk of being wrong and embarrassed and even shamed. IN wants all of the leader's attention and is threatened when he or she takes time to work ON the business. As long as IN keeps a leader's attention, nothing changes. Anyone can work IN a business, but if leaders don't work ON their business, neither will anyone else. The organization can't grow and any complex problem solving, change, or transformation effort will fail.

Over lunch one day with my friend Kai Dosier, I commented on how frustrating it was that our company had not broken through the \$10 million revenue barrier. My team and I continually approached the target, retracted, and repeated the pattern. Everyone worked hard, and I was mystified as to why we hadn't yet succeeded. In the center of a napkin, Kai sketched the illustration at the start of this section of the book. When he finished, Kai looked at me and said, "Leaders typically short-change the time they devote to working ON the business." Then he asked, "Are you spending enough time working ON your business?"

Immediately, I began to distinguish my IN from my ON activities over the previous days. It became clear that I spent almost all of my time as a consultant—at work IN the business. When I helped my clients work ON their businesses, I was at work IN my own. Over the next several days, I realized where my choices had led me. Kai also turned me on to Michael Gerber's book *The E-Myth Revisited*. It further illuminated the distinction between the competing interests of IN and ON activities. Kai's napkin sketch stuck in my mind, and I could no longer ignore the lopsided amount of time I was allocating to working IN my business rather than ON it.

Yet in the days that followed, I noticed that I continued to spend most of my time at work IN the business. I found that I was easily distracted from work ON my business by some bright and shiny opportunity that popped up and gave me an opportunity to run to the rescue. A client needed me. Issues with the staff cried for attention. "Once-in-a-lifetime" opportunities demanded to be chased! I began to recognize that "only I can do it" and "this chance will never come again"



were myths; they provided convenient excuses to avoid the relatively ambiguous responsibility of leading change. Self-deception kept me entrenched in the status quo. By working IN my business, I avoided learning how to lead and build a company. Once I began to work ON my business and gave it the leadership attention it needed, it grew at a sustained 35 percent growth rate, and I eventually sold it for a handsome profit.

The IN–ON distinction applies to managers, supervisors, and individuals, not just owners and senior leaders. However, most organizational cultures allow very little room for ON work. For major transformations to succeed, people at every level of the organization must be doing ON work, not just maintaining the status quo.

In looking back over more than 25 years of working with many different leaders, I've concluded that the failure to recognize the distinction between IN and ON—mismanagement of the critical allocation of time and attention to each—is the number one reason why change and transformation efforts fail. I have found myself drawing the concept on scraps of paper in the halls of the nation's capitol, on the plains of Iowa, and in the inner cities of Kenya. The IN–ON PRIME may be the most important one to master in order to drive successful change and transformation, create the future, and produce extraordinary results.

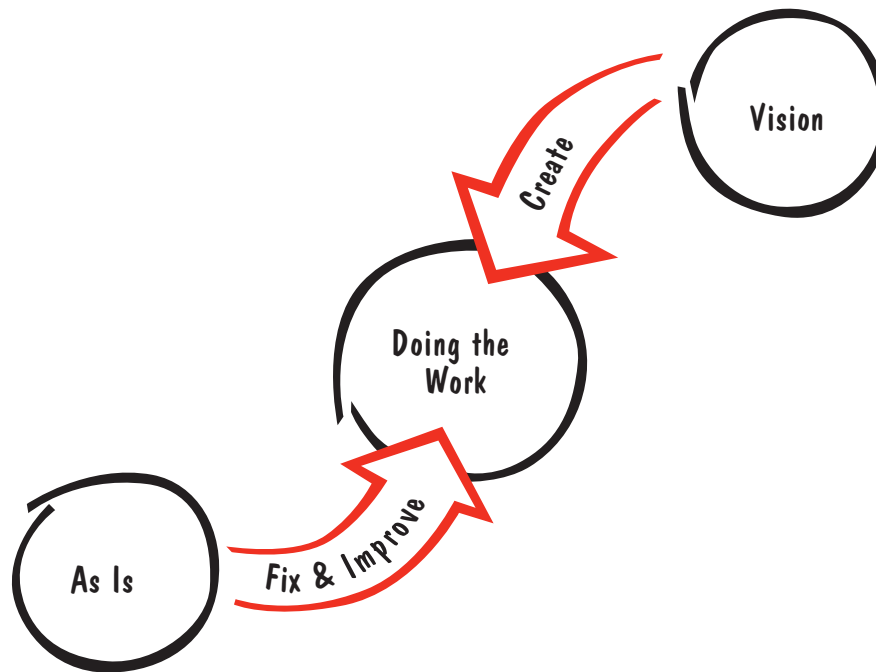
There is no set formula for how much energy to give either IN or ON, but without taking some time to work ON the business and to build this PRIME into the culture, leaders cannot gain the perspective necessary to get above the day-to-day craziness and use the PRIMES to chart the way forward to success.

For more on this subject, I encourage you to get a copy of Michael Gerber's book *E-Myth Revisited*.

The future is largely subject to our creation.

☞ Dr. Russell Ackoff⁴





CHANGE VERSUS TRANSFORMATION

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CHANGE VERSUS TRANSFORMATION

Are you fixing or creating?

Does solving your problem require CHANGE or TRANSFORMATION? Both are difficult, but there are critical distinctions leaders often don't realize until it's too late. CHANGE is the right path when a problem is relatively simple and the current system needs only a tune-up. TRANSFORMATION is the right path when problems are "wicked" and a completely new system is required. Mastery begins by choosing the right path.



CHANGE requires you to become familiar with the current situation and to work to make things better, faster, cheaper, or some other "-er" word. Success is judged by efficiencies and economies that are realized at the end of our effort compared with where we started. When we choose change, our future is really a reconditioned or improved version of the past.



TRANSFORMATION involves a break with the past that is traumatic but potentially freeing. In transforming, we design our future and invent ways to bring it into reality. Transformation doesn't describe our future by referencing the past (better, faster, or cheaper); it births a future that is entirely new.

Transformation is the only means by which a man landed on the moon. In 1961, President John F. Kennedy declared, "I believe this nation should commit itself to achieving the goal, before this decade is out, of landing a man on the Moon and returning him safely to Earth." Engineers were clear that no improvements to the Gemini space program would realize this vision, so they



invented Apollo. Apollo wasn't a better Gemini. It was an entirely new system. President Kennedy's declaration outlined all the necessary components of a transformation:

- Crystal clear objective
- Specific outcome
- Certain date

From that declaration a new world was created.

I have had the distinct privilege of being present at moments of transformation. One that comes to mind occurred in a conference room at Consol Energy in Pittsburgh, Pennsylvania. Consol is an energy company that focuses on extracting coal and gas. This work is inherently risky. The top team was committed to cutting its accident rates every year and accomplished that goal for several years in a row. This company had the best safety record in the business. On this particular day, we were trying to figure out how we could "improve" the safety record for the next year. We had established a goal that we thought was in our grasp.

Then one of the senior executives of Consol, Nick Deluliis, came to the front of the room and pointed to the recently agreed-to goal. He asked the group what this number meant to them. People said it was an achievable goal but would take a lot of work and focus by the managers. They also felt it would create a new standard in the industry. Nick looked everyone square in the eyes and said that to him "the goal meant the group was willing to tolerate someone getting hurt." He went on to suggest that rather than being "safer" when compared with Consol's past or the industry at large, why not simply declare that "working at Consol Energy is safe," period?

From this transformative perspective, what instantly showed up were all the aspects of the business that were not perfectly safe. These exposures became apparent as violations of the statement, "Working at Consol is safe." So people in the room began to say, "Well we can't say that because



(fill in the blank),” to which Nick responded, “Well then that is what we need to work on and eliminate right now because these types of exposures have no place in a Consol that is ‘now’ safe.” Can you imagine, upon return to their work settings deep in mines and hanging off the sides of mountains, what these managers and supervisors saw? Through the transformative lens of “Consol is safe now,” they saw everything that was not safe. And they dealt with it relentlessly. Consol leads a nation that leads the world in being safe whilst doing an inherently hazardous job. China has 20 times more deaths and injuries than the United States. My hope is that a group in China takes a stand now for transforming its extraction industry by declaring it “safe now” and doing whatever it takes to live into that transformative declaration.

Put this PRIME in action. Ask your group or organization, “What determines what they’re doing right now?” Is it about making a better, faster, cheaper past, or committing to fulfill a declaration and create a future? It’s one or the other, but never both. Ignore this distinction at your peril.

Each path has unique hazards and challenges, and requires unique tools. Tools of change are embodied in corporate improvement programs like Activity Based Costing, Six Sigma, and others.⁵ These tools are effective when a better past is the desired outcome, but they’re dead weight in the business of transformation.

We elect leaders because they promise change. Yet issues like health care, energy, climate, and security cry out for transformation. When things don’t work out, these leaders claim it’s because we’re on the wrong track.

The instruments of transformation are imagination, declaration, invention, and innovation; they require a childlike fascination with “mashing” things together to create something new. Both change and transformation compel the group to let go of the way things are. In a way, something very real is dying. The familiar system will no longer exist, and with it goes many memories, both positive and negative. And this familiarity is being traded for an unknown future. These feelings are much stronger around transformation than around change. In transformation, it can seem to



people that the very soul of the system or organization is at risk. Oftentimes these feelings are valid. To manage the resistance this fear can generate, it is essential to make clear the good that is possible if the change or transformation is successful and the certain bad that happens if you fail. This principle is crucial and will be handled in more detail later in this chapter.

So far I have focused the discussion of “CHANGE VERSUS TRANSFORMATION” in a context of business and groups. Know that everything regarding CHANGE VERSUS TRANSFORMATION applies to you as an individual. Are you “trying to lose weight” or are you “choosing the healthy alternative at every option”? Are you “trying to quit smoking” or are you “living smoke free”? Are you “trying to get better at being your word” or are you “being a person of integrity”? As long as you are “trying” to do something, you are “not doing” something. As long as you are “doing this so that you can have or be that,” you are “not having or being that.” Here is something you personally can take on right now as a rule in your life: Be a person who never says “try.”

I was transformed at Queenstown Golf Club on Chesapeake Bay. My playing partner was an old friend named Dave Kolanda. We both started our careers as engineers at IBM some 30 years ago. Somewhere in the round I casually mentioned that I had begun to write this book. Dave turned and said, “So you’re an author.” The statement struck me as odd. In the clubhouse, Dave struck up a conversation with the waiter and introduced me as “an author.” It was clear to me that to this waiter, that is what I was. My past was irrelevant. It was my future that was giving me my name now. From that moment on, I truly enjoyed writing this book. After all, Dave had transformed me into an author by declaring me one, so I knew I’d better act like one and write.

Notice the people around you. Are they working to fix the past or live into a vision of the future? Are they even aware there is a difference? Many choose change even when they recognize that transformation is necessary. Experience has shown me that these people carry a limiting belief that tells them that powerful declarations should never be made in the absence of precise clarity—the ability to see not only the future in precise detail but also every detail of how to get to that future.



For these people, transformation is simply too big a step. It requires information beyond what they currently know or know how to find.

Such “clarity” is not only unnecessary, it is limiting.

Through the lens of the three PRIMES revealed in this chapter—LEADING, IN-ON, and CHANGE VERSUS TRANSFORMATION—you can now distinguish how you are spending your time. You are clear on when you are leading and when you are not. You can recognize when you are working on the business. And you will be certain when you are standing for change or transformation. There is no wrong or right answer; there is only the truth that your priorities are not what they say they are. Your priorities are where you choose to spend your time. Access the needs of your team, group, organization, or community at large. What kind of “you” are they crying out for? Listen. Then be what they need.

In Chapter 2, you will be outfitted with the three PRIMES that will enable you to act boldly and powerfully.

The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise with the occasion. As our case is new, so we must think anew, and act anew. We must disenthrall ourselves, and then we shall save our country.

🐾 Abraham Lincoln, December 1, 1862, in Message to Congress⁶

