

# **The Essential 4**

**how leading, selling, branding, and innovating  
drive sustainable, profitable growth**

by

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In every business there are two basic activities: thinking and doing.

This is true for every employee. Forget the fallacy that you have to have “doers” and “thinkers”. What every organization needs is for all employees to think first and then move into action.

To gain clarity regarding the amount of time you spend doing versus thinking take out your weekly calendar for the past three weeks. Highlight with a red marker anytime you were sitting in a meeting of any kind or anytime you were dealing with a crisis or something that popped up without warning including customer and employee complaints and personal situations. Now highlight with a green marker anytime you had uninterrupted time to focus on thinking about a single area of your business. What percentage is green and what percentage is red?

This paper will primarily focus on the process of thinking first and then moving into action as a means for improving business results in a sustainable way.

### **The Engine of Business Growth**

Focused thinking time is the engine for generating sustainable and profitable business growth.

Before getting into specific recommendations for you to consider, I encourage you to buy into the value of real thinking time. I’m not talking about the snippets of thinking time you get in the shower or driving to work. Those are helpful as well. However, I’m talking about one hour of your work week where you clear your calendar, get away from your smart phone, detach from the world, and really focus your attention on one business topic.

If you are not willing to dedicate at least an hour a week of your work time to thinking, then you have significantly diminished your chances to improve your organization’s business momentum.

## The Essential 4

Thinking comes down to two things: what you think about and what you influence other people to think about. Consequently, the four essential skills in every business are leading, selling, branding, and innovating. They all revolve around thinking and influencing what other people think about.

### Improve Sustainable, Profitable Growth



To begin, here are the definitions that will serve as the foundation for what is to come:

**Leading** - influencing what other people think about in ways that generate better sustainable results both for the organization and the people in it.

**Selling** - convincing another person that the value you have to offer is worth the value he or she will have to invest to receive it.

**Branding** - improving the perception of value that people have of a certain product or service.

**Innovating** - searching for and using ways to create greater value for customers that will ultimately generate greater profits for your organization.

This white paper provides practical ways to focus on these four essential skills for creating sustainable business success.

## Improve Sustainable, Profitable Growth



Here are three lessons on leadership I've learned over the past 25 years.

### **Leadership is not a Label**

Leadership is not based on a title, an income, or an authority level. It is also not based on gender, height, race, or personality type. I've never seen a label that guaranteed an individual would automatically be a successful or unsuccessful leader.

### **Leaders Influence Thinking**

A person is a leader based on his or her ability to influence what other people think about. You don't become a leader of a group simply by receiving a title or by having the power to hire and fire people. You become the leader when you effectively influence the thoughts of other people.

### **Leaders Take Time to Think**

Leaders who consistently produce sustainable improvement in key results pause before moving into action and answer the following four questions.

### **The Four Critical Leadership Questions**

1. What outcome do I want to improve the most and why did I select that outcome?
2. Who do I need to influence in order to improve that outcome?
3. What do I need to influence them to think about?

#### 4. How will I influence them to think about that?

Here are additional thoughts on each of these four questions.

#### **What outcome do I want to improve the most and why did I select that outcome?**

The effective leader prioritizes desired outcomes. Not every outcome is equally important and going after 10 outcomes is the same as going after zero outcomes. You have to know the outcome you are trying to achieve the most. Take the time to carefully decide which outcome is the most important and why you feel that way. Determining the why before you move onto the how will increase your conviction and help sustain your efforts through the challenges ahead.

#### **Who do I need to influence in order to improve that outcome?**

You can't influence everyone on the planet and maybe not even everyone in your organization. So who will you work toward influencing? Make a list of the people who will have the greatest potential impact on affecting the desired outcome. Then organize those names into specific groups that you could focus on. Prioritize those lists until it is clear who you will focus on first, second, third, and so on.

#### **What do I need to influence them to think about?**

Notice this question does not say, "What do I need to tell them to do?" Telling people exactly what to do is micro-managing. Micro-managing can deliver good short-term results, but often brings with it serious long-term problems. These problems can include employees who can't think for themselves, a lack of new ideas, massive turnover as employees look for opportunities elsewhere to contribute more of what they have to offer, and a severe shortage of effective leaders being developed for the future of the organization.

If you are trying to reduce injuries to employees, you may want front-line managers to think about the enormous importance of safety. If you want to retain more customers, you may want your salespeople to think about the value of building long-term relationships with customers. Knowing what you want people to think about increases the chances that you will be an effective leader.

## **How will I influence them to think about that?**

Over the past 25 years I've identified 12 ways that people effectively influence what other people think about. Consider each role and decide which of these you can use to influence other people to think about what you want them to think about. You can perform more than one role as a leader to influence others, but if you try to do all 12 you will not be effective at any of them. Land on two or three that you will want to use consistently

### **12 Leadership Approaches**

#### *The Scientist*

This person's influence is based on clarifying a single question, researching data and conducting carefully selected interviews to establish a definitive answer, and then sharing that answer and the research it is based on with other people.

For example, if a manager wants to see if returning all phone calls within 60 minutes increases customer loyalty, he or she could keep statistics over a period of six months of customers who were called back within 60 minutes and the percentage of them that continued to buy from the company versus those who were not called back in that time frame and the percentage of them that made another purchase. Based on the statistics, the manager could then share his or her thoughts with the staff members on the importance of returning phone calls in a prompt manner. The research enhances the manager's credibility and ability to influence other people's opinions.

Business authors Jason Jennings, with his book, *Think Big, Act Small*, and Jim Collins, with his book, *Good to Great*, are examples of leaders who have searched for the answer to a question and then influenced millions of people by sharing their research.

#### *The Exemplar*

This person's behaviors and personal choices model the desired performance so well that he or she influences other people simply by being watched.

I worked with the Regional Vice-President/General Manager of a major restaurant chain as his executive coach. He had over 500 units in his region. Every time we would visit a store he would walk around the parking lot and pick up napkins and other trash. He didn't make a big deal about it. As he walked, he picked up trash. I noticed that shortly thereafter employees started popping out and wiping tables and walking in and around the restaurant straightening things up. It didn't look too bad before our visit, but it looked great afterward, and he never said a word about cleaning up the restaurant.

#### *The Teacher*

This person breaks down the idea and explains it so well that other people truly understand it and can run with it.

Warren Buffet is a great teacher. He uses analogies to make his points memorable. His annual Letter to Berkshire Hathaway Shareholders is a tremendous example of how explaining an idea in understandable terms can significantly influence millions of people.

#### *The Listener*

This person simply listens while the other person shares the details of his or her situation.

Susan, an executive I coached for three years, was responsible for the results of a \$500 million business unit. However, she rarely told people exactly what to do. Instead she primarily listened. She listened to their complaints and concerns and ideas. She listened for long stretches in private meetings and in large conferences. She provided effective leadership by setting her ego aside and allowing people to think out loud. In doing so, her employees felt empowered to share ideas that otherwise would never have seen the light of day. Susan influenced them to think for themselves and ultimately to generate sustainable improvement in results.

#### *The Visionary*

This person describes a compelling dream of what the future can look like and that vision is what influences people as they go about their daily activities.

This was really the particular strength of Walt Disney. His story has been told many times, but some parts are worth retelling. Whether his company was making the film, *Snow White*, or building the theme park, *Disneyland*, Walt's primary role was to explain to the animators and engineers in great detail what the end result would be like. With this clear picture in mind, they were able to collectively move toward making it a reality.

#### *The Storyteller*

This person influences people by telling stories that explain powerful points.

This was Abraham Lincoln's particular leadership strength. Whether in letters or in person, his ability to relate a story from his earlier life experience to the situation at hand influenced military leaders to see issues from a different perspective and ultimately to win the Civil War.

#### *The Coach*

This leader observes the person in his or her regular day-to-day activities and then engages the person in a conversation during breaks from the actual performance.

Just like a basketball coach offers advice on the sideline during a timeout, The Coach gives suggestions to the other person based on observed behavior. Effective coaches don't tell the other person what he or she has to do. Instead The Coach offers observations and suggestions, listens to the other person's perspective, and responds to what the person has said. Ultimately The Coach lets the person decide what he or she will do in the next actual performance. Effective coaches do set up follow-up meetings to discuss what worked well and what did not work well for the other person in the approach that was chosen.

### *The Facilitator*

This person asks open-ended questions and gets multiple people involved in developing the answers.

This method of leadership is as old as Socrates and as young as your next meeting. You don't have to have all the answers. Learning that is one of the most important steps in becoming an effective leader. The job of the leader is not to be a walking version of Google. The job of the leader is to influence the group toward improving results in a sustainable way.

One of the most effective things a leader can do is craft a good open-ended question. Then the leader facilitates effectively by simply asking the question of the group and bringing new voices into the conversation. In the end, the group develops the ideas for implementation. This increases the buy-in from those who will have to make the ideas a reality.

### *The Collaborator*

This person exchanges ideas with another person and works together with the other person to develop even better ideas.

A person who is an effective collaborator has an ability to hear one idea, think of a way to build on the idea or take it in a slightly different direction, and get the other person to be excited about doing the same. Slowly but surely the two people build an idea that begins to emerge as a reality. The collaboration continues from brainstorming to implementation.

### *The Architect*

This person influences other people based on the design of the organization.

The Architect affects people by the roles he or she places them in and the way he or she distributes resources. In one organizational approach front-line sales people are considered the most important role and in another the behind-the-scenes engineers are given top billing. The Architect influences how people see their roles and make decisions.

### *The Motivator*

This person provides inspiring words with an inspiring tone, but his or her impact oftentimes has a short shelf life. The Motivator provides effective leadership for short-term projects, but can dilute his or her influence by going to the motivational well too often.

### *The Dictator*

This person tells people exactly what to do and how to do it, but this approach is generally only useful in dramatic short-term situations. This leader is often a fast-rising star as he or she plows through one work group after another. However, this extreme example of old-school management usually burns its effectiveness out long before the person's career is over.

### **Thinking Exercise on Leading**

Take time right now to pull out a sheet of paper. Answer the Four Critical Leadership Questions.

1. What outcome do I want to improve the most and why did I select that outcome?
2. Who do I need to influence in order to improve that outcome?
3. What do I need to influence them to think about?
4. How am I going to influence them? What leadership approaches am I going to use in an attempt to effectively influence what these people think about?

## Improve Sustainable, Profitable Growth



Selling is an act of leading.

Sales people are not creators of value. They are convincers of value. Their job is to convince other people that the value they are selling is worth the value they are asking for in return. A salesperson cannot force a customer to buy anything. The salesperson has to influence the customer to consider buying the product or service. Just as there are many different types of successful leaders, there are many different ways that sales people can succeed. Study the 12 different approaches that leaders use and decide which ones you will use as a salesperson.

A business cannot survive without effective salespeople. While an executive primarily works to influence employees, a salesperson primarily works to influence customers and potential customers. The salesperson is the link from a company's creation of value to its return on investment.

### **Every Sale is a Value- and Values-Based Experience**

There is no such thing as a transaction. No customer in the history of business has ever bought a product or service so that a company could have another transaction. Every sale is a value- and values-based experience.

At the heart of selling is an understanding of your desired customer. Every potential customer is asking himself or herself these questions:

*“What will I receive for my investment?” (Value)*

*“How will I be treated before, during, and after the sale?” (Values)*

More importantly, every customer subconsciously asks himself or herself two questions:

*“What do I want to receive for my investment?”* (Value)

*“How do I want to be treated before, during, and after the sale?”* (Values)

The master salesperson concentrates on both sets of questions. The first two questions relate to what the potential customer is trying to find out from the salesperson. The last two questions relate to what the great salesperson is trying to find out from the potential customer.

In selling, be prepared to explain the value that the customer will receive for his or her investment. Value is anything that increases the chances that the other person will achieve what he or she wants to achieve. How will the purchase of your product or service help the person to achieve what he or she wants to achieve? Know the answer to that question before it is asked. Also, be prepared to explain how the process is going to happen for the customer before, during, and after the actual sale occurs. This is the foundation of selling anything.

However, the salesperson who is successful over the long term digs deeper. This person searches to find out what the customer really wants for the investment being made and how the customer wants to be treated before, during, and after the sale. This requires time and patience. You may have to observe hundreds of potential customers before you really understand what they want and how they want to be treated. Rarely does one answer fit all. You will start to see that different customers subconsciously want different things. The value and values that one customer is looking for may be very different than that of another customer.

Selling is not simply an act of asking formulaic questions and responding like a robot. It is a human experience and requires an understanding of the human being making the purchase. Some potential customers are quick decision-makers and want only a few options to consider. Others want reams of information and statistics to study before making a purchase. Some people want to feel good about what they buy and who they buy from, and other people want the whole decision to make logical sense. Invest time to understand your customer’s desired value and values.

### **Thinking Exercise on Selling**

Think of a potential customer you have been interacting with. Write down your answers to the following questions:

1. What value will the person receive from buying our product or service?

2. How will the person be treated before, during, and after the sale?
3. What value does the person want to receive for buying that product or service?
4. How does the person want to be treated before, during, and after the sale?
5. How can I influence this person that the value he or she will be receiving and the way in which he or she will be treated is worth the investment being made?

### Improve Sustainable, Profitable Growth



Branding is an organizational act of leadership. It is an organization-wide effort to influence customers and potential customers.

A brand is the value that customers think they get when buying a product or service or potential customers think they will get if they do buy that product or service. A brand lays the foundation for a salesperson to work off of. The stronger the organization's brand is, the stronger the foundation for selling becomes.

### No Company Owns Its Brand

Your brand is the perception of value that resides in the minds of your customers and potential customers. You don't own your brand or have it in-house. Instead it sits in the minds of your customers. You strengthen or weaken your brand by the way you influence what other people think about in terms of the value they perceive gaining from your product or service.

## **The Importance of Gaining Brain Space**

Every person has one or two mental slots for a specific product/service category in a certain geographic area. Under “favorite pizza in my neighborhood” the person has a few slots reserved. He or she has a number one favorite pizza and a number two favorite pizza, and then the slots start to fade out. Under “best theme park in the world” the person still has a number one choice and a number two choice and then it gets pretty hazy after that.

Companies that have the majority of number one slots in the brain space of their desired customers build up huge advantages over their competition. They grow sales faster than their competition, and they attract new customers faster. A really strong brand is essential to building long-term, sustainable, profitable growth.

To intentionally build your brand, you have to decide on your desired customers within a given demographic and the category you want to be either number one or number two at in their minds. Anything less than number two is quickly forgotten.

### **Thinking Exercise on Branding**

Take out a sheet of paper and carefully answer the following questions. This will help you focus on intentionally branding your organization:

1. What are the demographics of the customers we want to sell to?
2. What category do we want these customers to put our products and services into in their minds and for what geographic area?
3. Where do we rank right now in this category and in that area for these customers?
4. If we are not number one or number two right now, can we get there?
5. If we can get there, what do we need to do to improve the customer experience and/or the marketing of the product or service to increase awareness of the value we have to offer to our desired customers?
6. If we cannot get to number one or number two, is there a different category we want these customers to put us in, do we want to broaden or narrow the geographic area that we compete in, do we want to pursue different customers for this same category, or do we

want to go in a different direction altogether for different customers in a different category with a different geographic focus?

7. If we are number one or number two right now, are we achieving the desired objectives for our organization?
8. If we are achieving the desired objectives, how can we further strengthen our brand?
9. If we are not achieving our desired business objectives, do we need to remain patient, change our prices, go after different customers, pursue a different category in the minds of our current customers, change both the customers we pursue and the category we want to be in, or change the geographic area we focus on?

As you can see, effective branding requires a lot of thinking and decision-making. However, this thinking time can have a tremendous return on investment. Knowing the demographics of your desired customers and the category you want them to place you into can help you tremendously in making decisions on who to hire and where to place your resources.

Branding requires the people in an organization to step back and think and then to move forward together in a coordinated effort toward locking in the number one spot for a specific category within a specific geographic region in the desired customer's mind. This is hard work, but it can make all the difference in the success of the organization and the people in it.

### **Trust is the Crucial Ingredient**

Leading is about influencing employees and suppliers and business partners. Selling is about influencing customers and desired customers. Branding is about the reputation you want your organization to have in your desired marketplace.

All of these depend completely on being trusted. You can't successfully influence a person inside or outside your organization unless that person trusts you. All attempts at leading, selling, and branding are ruined when you or your organization lose the trust of other people.

Consequently, acting with integrity, being honest, and doing what you said you would do both on a personal and organizational level form the very foundation of what is needed to generate sustainable, profitable growth. These are the basic responsibilities of every business person who wants to achieve sustainable success.

## Improve Sustainable, Profitable Growth



A business innovation is the process of creating additional value for customers that generates a greater profit to the organization. You have to have both. The new or improved product/service has to be of greater value for customers than what came before it, and it has to ultimately generate a greater profit for the business. Just giving away greater value that guides the organization to lower profit is not a business innovation. It's also not a good idea.

What constitutes an effective innovation is different for each organization. It has to fit within the particular operations of your business. If you make toothbrushes, then you aren't likely to build an effective computer. If you build automobiles, you are not likely to develop a medical breakthrough. Maintain discipline in the innovations you want to develop. Make sure they connect to what your organization does well.

### **The Process of Innovating**

Creating additional value for customers that will generate greater profits for your business requires following a few basic steps.

#### **1. Focus, don't spend.**

Contrary to the belief of many people, innovating does not equal a spending free-for-all. Creating greater value for customers begins with disciplined focus. Identify the value your desired customers want, need, or would be delighted by. Decide on the subset of that value your organization can deliver at a very high level. Then focus on one specific area within that range where you are really going to deliver greater value for your desired customers.

## **2. Ask.**

One way to find out the best area to focus on for customers is to ask the customers. I suggest a simple question such as, “If there was one thing about your experience with this product (or service) that you would like improved, what would it be?”

Now be patient. Customers don’t have the answer on the tip of their tongues. Allow them to think. If they can’t think of anything, you can follow up with probing questions on specific aspects of the product or service. Another approach is to ask, “What was of value to you with this product, what was not of value to you, and what would have been of greater value to you?”

## **3. See.**

Remember that insight comes from sight. If you want to understand the customer experience in order to improve it, then go see for yourself what it is that customers go through. Don’t just ask them for ideas on how to improve the experience. Go look for yourself. Either be the customer or stand next to a customer and see what happens.

Before you start to come up with an innovative product or service, identify the statement you are trying to fulfill. Write a one- to three-sentence description of the desired outcome. Say you want to create a new countertop in public bathrooms for the sinks and faucets. Your statement might say, “In the end, we want a countertop that stays dry so people can place a book or small bag on the countertop and the item won’t get all wet.”

Innovations don’t have to be about computers or cell phones or medicine. Innovation is about searching for and using a better way. That “better way” can happen in any industry.

## **4. Stop and start over.**

Sometimes you have to start over from scratch. Don’t feel compelled to merely tweak what you’ve always done. Don’t be married to your current way of doing things. After you’ve identified the statement you are trying to fulfill and have gained insights into what customers really want, be willing to take out a blank sheet of paper and start with new ideas on what will deliver the value that you want to deliver.

## **5. Improve.**

A prototype is a model that represents what your idea will look like when it’s put into action. You can create simple prototypes for both products and services. Use cheap, basic materials to assemble your prototype. Use paper, napkins, paper towels, paper clips, cardboard, and styrofoam. Don’t use expensive materials to make fancy looking models. That’s a waste of money.

When you are explaining your concept you can refer to the prototype and that may very well help the other person understand better what it is you’re trying to get across. My all-time favorite

book on innovation is *The Art of Innovation* by Tom Kelley, who is the general manager of IDEO. My favorite quote from that book is, “If a picture is worth a thousand words, then a prototype is worth a thousand pictures.”

Start with five or six prototypes under the area of focus that you selected earlier. Study the prototypes, capture the best ideas, and then continue to make new prototypes as quickly as you can as better ideas evolve.

Notice so far you have not spent very much money. You’ve invested time in talking with customers, observing customers, clarifying a statement of the desired outcomes, and developing prototypes. The process of innovation is not expensive. The primary investment is a mental investment, not a financial one.

Keep improving the prototypes until you land on the one that you are ready to actually create and deliver into the marketplace. This is where the costs primarily occur. You will have to spend some money in producing the product or training people on the new service they will be delivering, and again on marketing the new product or service. Notice that by holding off on the spending until this stage you are able to provide something into the marketplace that has a far better chance of success at a lower overall investment from your business.

## **6. Sell.**

At some point you have to attempt to sell your innovation. You can’t innovate in a vacuum forever. You’ve got to put your idea out in the market and see how people respond to it.

## **7. Find out if the proper connection has occurred.**

One important question to ask customers after your product or service has been in the market for awhile is, “What is the value you feel you received from this product or service, and what would have made it more valuable for you?”

If customers feel they are receiving the value you wanted to deliver, then you can tell how much this value is worth to them. If customers believe they are receiving some other value that was unintended, then what is it? Perhaps that unintended value can lead to great profits for your business. If customers feel they are receiving no additional value or even less value from this new product or service, then you can work to determine if you need to scratch the idea or merely modify it.

My point is that I don’t want you to just stop after you’ve sent the new product or service into the marketplace. Innovation does not end with the first sale. Innovation is improvement-in-motion. Allow customers to teach you what you don’t know about this new innovation. It doesn’t matter what value you think you put into the marketplace. What does matter is what value your customers think you put into the marketplace and what they think would make it better. Find out

what customers like and don't like in your new product or service. Then keep working to make it better and better.

### **Thinking Exercise on Innovating**

Take out a sheet of paper and write down your answers to these questions as you develop them:

1. When will we ask our current and desired customers the value they want to receive, need to receive, or would be delighted to receive from an improvement to a certain product or service?
2. When will we be the customers or stand next to a customer as they interact with the product or service?
3. Based on these conversations and observations, what would make an improved version of the product or service significantly more valuable to our current and desired customers?
4. Is there an altogether different product or service that would need to be developed to deliver the desired value that customers want, need, or would be delighted by?
5. When will we build a prototype of the new or improved product or service?
6. When will we show the prototype to other people for their ideas?
7. When will we improve the prototype?
8. When will we sell the new or improved product or service?
9. When will we make adjustments to the product or service in order to make it better?

### **Summary**

Leading, selling, branding, and innovating require a series of steps based on thinking and doing. You've invested your energy in thinking and now it is time to focus on doing. Follow through and apply the answers that you wrote for each of these four essential business skills. The development of any skill occurs when you move ideas into action.

As people throughout your organization continually improve their ability to lead, sell, brand, and innovate, the performance of your organization will move toward achieving sustainable, profitable growth.

## About Dan Coughlin

Visit *Dan Coughlin's Free Resource Center on Business Acceleration* at [www.thecoughlincompany.com](http://www.thecoughlincompany.com)

Dan Coughlin teaches practical and inspiring ideas on how to improve business results in a sustainable way. He is a business keynote speaker, management consultant, executive coach, and author of four books on leading, selling, branding, and innovating. His books include **Accelerate**, **Corporate Catalysts**, **The Management 500**, and **Find a Way to Win**. His clients include GE Capital, McDonald's, Coca-Cola, Marriott, Boeing, Abbott, Toyota, Subway, Kiewit, Prudential, Denny's, and the St. Louis Cardinals.