

# BUILDING A GREAT ORGANIZATION

*Mark Thompson and Brian Tracy*

**P**eter Drucker wrote, “There may be natural born leaders, but there are so few of them that they make no difference in the greater scheme of things.”

Leaders are self-developed; they work on themselves continually. In *Talent Is Overrated*, Geoff Colvin (a *Fortune* editor) shows how business leaders—starting from the beginning of their careers—develop themselves through hours and hours of “deliberate practice.” The essential skills are like parts of a mosaic, and you must work on them for a decade—or at least 10,000 hours—to master them.

For our book *Now, Build a Great Business!*, we conducted a World Success Survey in 110 nations to determine the key traits of leaders whose impact has lasted more than 20 years. We found seven key steps to maximize the impact of your organization.

Just as Peter Drucker’s famous “five questions” are deceptively simple—but extraordinarily poignant and challenging—so too are our seven principles. These questions are necessary for every leader to address in order to create a great organization.

1. Become a great leader: How will you develop yourself and hold yourself accountable?
2. Plan: What will it take to create a useful business plan?
3. Surround yourself with great people: How will you attract and honor your team?
4. Offer a great service: How will your products make a real difference?
5. Design great marketing: Why should this organization matter to others?
6. Perfect a great sales process: How will you engage and educate customers to buy in to your mission?
7. Create a great customer experience: How will you engage people in an extraordinary relationship with your product or service?

## Success in the Long Term

Success, in the long term, isn’t an accident. Leaders engage in a continuous, ongoing process of learning by doing. That means that they even harvest their failures for the best possible lessons.

“Nobody has made more mistakes than I have,” Ingvar Kamprad lamented. We sat eating Swedish meatballs at an IKEA cafeteria in Switzerland where we met him for an interview. He’s a self-described farm boy from northern Sweden who founded the discount furniture giant and built one of the world’s 10 biggest fortunes.

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“The point is that you have to be learning from other people all the time so that you can correct what doesn’t work. I’ve got 100,000 people working for me because I’ve made so many mistakes,” he joked, then became dead serious: “Your job is to make things better by getting better at your job.”

*Leadership is action, not position.* Leadership is what you do rather than what you wish, hope, say, or intend. When you act like a leader in any situation, you become a leader as a result of your behavior. “You don’t need a title to lead; what you need is to be accountable,” Kamprad said.

*The leader’s job as a leader is to take responsibility.* Think of the last time you were in a crisis—did your colleagues look for blame instead of deciding what needed to be done? “When something goes wrong, everybody looks to blame everybody else. ‘It’s not my fault,’ they say, and point fingers,” Kamprad told us, pointing at the people on either side of him with an accusing frown. “That’s why there needs to be one person who takes responsibility.”

You need to take charge in a crisis like a commander in combat. Your job is to make the tough decisions, rally the team, and get everyone working toward a common goal. Your level of achievement of this sense of common purpose and commitment is the key measure of your effectiveness.

*The leader maintains an action orientation.* Perhaps the most outwardly identifiable quality of a leader and a top performer is intense action orientation. Leaders are in constant motion. They are proactive, always think-

ing in terms of what can be done to achieve more and better results, fully aware that most things don’t work the first time or often the first several times.

Julie Andrews said, “Success to me is failing 19 times and succeeding on the 20th try.”

## Timing Is Overrated

The *best* leaders start their organizations at the *worst* possible times. “You are called when you are needed most—when it’s really worth it—not when it’s most convenient,” said Alan Mulally, CEO of Ford, beaming with enthusiasm. Mulally looked out the window at his company. “The honor is to serve!”

This courageous leader didn’t just accept a job at Ford; he leapt at a huge opportunity to make a difference when the company and *his country* needed him most.

Visionaries have a surprising knack for diving in at the least propitious times. When you actually look at the environment in which they embraced their organizations, they chose the worst. Everyone prefers to think the people at the top had it easy and perfectly set. Nothing could be further from the truth.

Oprah Winfrey, Walt Disney, Bill Hewlett and David Packard, Tom Watson at IBM—and even Thomas Edison when he created his vision for General Electric—all launched their dreams in miserable markets. FedEx, *Sports Illustrated*, Hyatt, Wikipedia, MTV, and Trader Joe’s arrived just in time for awful recessions that defeated many other organizations. Even Google

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incorporated just in time for the tech bubble to burst at the end of the 20th century.

Wang Chuanfu started a battery-maker called BYD (for Build Your Dream) after the dot-com crash, when no one cared about the ex-professor's fantasy of a green, emission-free electric car. Warren Buffett bought 10 percent of BYD last year, making Chuanfu a billionaire and China's richest person.

Many long-lasting organizations not only were born in bad markets, they also had lackluster products in the beginning. The list of short-lived false starts for great companies is very, very long.

There are plenty of legendary examples. Sony's first product, a rice cooker, was unreliable. Its first big launch, a tape recorder, also failed. One of *Fortune's* most admired companies in 2010, Marriott, didn't start as a hotel; it was an A&W root beer stand! Procter & Gamble began as just another of the 18 candle makers in Cincinnati. Hewlett-Packard proudly launched a product to make urinals flush automatically and a shock machine for dieters; both were busts. Boeing's first planes flunked their Navy trials.

After inheriting his dad's \$2 million shortening business in India, with fits and starts in the soap business and even hydraulic cylinders, Azim Premji eventually converted Wipro into a \$5 billion technology powerhouse. His personal net worth is \$17 billion.

What do these great organizations have in common? *Leadership*. Even if you have a mediocre start and bad timing, a great leader with a great team will prevail over those who have a mediocre team in any market. In fact, it's in difficult economic environments that your efforts as a leader stand out.

*Why?* In tough times, your competitors are focused on survival, not customers. They pay less attention to quality, they slash service and invest less in innovation, and there are more great people actually available to work for you.

It's usually in a crisis that organizations reconnect with what made them great in the first place. It's a time to re-ignite your spirit and find better ways to delight customers.

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Your willingness to lead effectively can have a greater impact on the success of your team or your organization than any other single factor. Everything that you do to become a more effective leader has a multiplication effect on your entire organization.

To be successful as a leader, you need a combination of two things: character and competence. You need to be a person who believes in what you're doing. After all, *if you don't buy it, why should anyone else?*

You need to believe you're creating an excellent product or service, in every way, to inspire others to join you in that great cause, great new team, or great company that you're building.

At the same time, you must learn to be excellent at the key capabilities and functions of leadership, and set yourself on a course of continual improvement throughout your career. "You need the humility to remind yourself that you've got to get better at everything you do," insisted Amazon founder Jeff Bezos. He had come to Davos, Switzerland, to share insights about entrepreneurship at the World Economic Forum, where we interviewed him. "I don't know about you, but I'm never done growing my company or myself!"

Management guru Jim Collins calls this "Level 5 leadership." The most fascinating and distinguishing characteristic of Level 5 is an often-misunderstood trait: *Humility*.

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## *Humility doesn't actually mean being humble.*

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No, humility doesn't actually mean being humble. People who are crazy enough to launch businesses as the economy is falling apart and to fight Goliath-sized adversaries are not exactly humble. It means you have a "burning, driving, relentless ambition to serve and to win," Collins told us after his keynote at the University of Pittsburgh. You must be driven to succeed, "without the arrogance to delude yourself into believing that you are all knowing or always right."

As a Level 5 leader, you don't believe you're perfect. You're just convinced that you can get better. You're always looking for new ways to take your game to the next level.

Bezos's belief that he could create a new type of store with a mission so massive as to justify the wildly optimistic metaphor of *Amazon* as his company's name was anything but humble! Yet he had the humility to craft a business plan that focused on the fundamentals of leadership in customer service at a time when it was unpopular and at odds with his dot-com-era competitors. While other Internet companies expanded at the speed of light, Amazon's obsession with getting its products and services working better than anyone else's ironically resulted in complaints about "slower" growth and unprofitability.

When the dot-com bubble burst, Amazon survived and prospered while others imploded. The humility and discipline to commit yourself to continuous organizational and personal improvement is what gives you the winning edge in your position and enables your company to outperform your competition.

"That's only possible if you love what you do and believe that what you're doing will make a difference," Bezos said.

"You need to make it really obvious to customers that your focus is on excellence," he said, pounding the table and giving his trademark laugh. "That means everything works for customers: great products, great recommendations, and great delivery—*particularly* in the toughest times."

## **Nobody Does It Alone**

No one does anything worthwhile entirely solo. As a leader, your job is to get results through others. You treasure your team as if they were volunteers—because they are! Even though you pay them, your best people are *free agents* who could do anything anywhere else. Your team doesn't have to work for you. So, the Big Question is, Why *should* they be working for you? Make it your business to hold yourself accountable for answering that question every day.

Since every person is different in some way, often in many ways, the best leaders are those who have the greatest flexibility in their styles of working with other people. Your success at getting the very best out of the people who report to you is another key measure of your effectiveness as a leader. "I know it's politically incorrect to say this, but when it comes to managing people, you actually do have to discriminate," said 49er hall of famer and entrepreneur Steve Young.

"No two people respond the same way to your call to action. You need to encourage some people very gently, while others you have to scream at." When you take the time to think about the individuals you are working with

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## *Even though you pay them, your best people could do anything anywhere else.*

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and what it is you need them to do, you are more likely to use the best tools, techniques, and methods to maximize the performance and productivity of each one.

And as you commit yourself to action, you're developing the ability to elicit extraordinary performance from ordinary people. You want a team that:

- Owns the outcomes—has skin in the game—a vested interest in thinking, analyzing, and delivering better results than ever before
- Builds confidence in others—and isn't meekly accepting or doing the job, but is *turned on* by the opportunity to prove something or have greater impact
- Understands what's in it for them in everything they're asked to do
- Demonstrates full engagement, and needs to have a voice and to be heard
- Gets paid more, but is worth more, and has more options open and more untapped potential than ever before.



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It's often said that the very best leaders are ordinary people who do extraordinary things. Great leaders elicit extraordinary performance from ordinary people. The purpose of a business or an organization is to maximize strengths and make weaknesses irrelevant. Your ability to bring together a group of people and form them into a high-performance team is the most important single quality you can develop for maximum results and continuous personal and professional growth.

But here's an important caveat. "You might have to tell people to suck the egg," said Major General Gale Pollock (ret.), the first woman to serve as Surgeon General of the Army. "You don't have to tell them how! If you order people to do something that they don't understand, they won't give it all they've got."

"The greatest performances and courage come when you show them why it matters," she explained shortly after her retirement from the U.S. Army. "I've been amazed at how people will solve problems when you set the general direction but let them use their creativity to get it done—often much better than I would have ever imagined."



*Brian Tracy is America's leading business coach; he has authored more than 40 books on leadership, sales, and professional development and helped more than 4 million people achieve their goals. This article was adapted from "Now, Build a Great Business!" by Mark Thompson and Brian Tracy.*