
Three Business Principles That Will Make a Difference

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I would like to share with you three principles that I believe are among the most important in achieving good business results. I have come to believe in these principles, both by seeing their benefits when they are practiced well, and by seeing what happens when they are not.

For me, by far the most important are those results needed for growth in three areas— **volume, profit**

Principle #1

There are a limited number of things which either we, personally, or our organizations, can focus on consistently over time--so we must make sure that those things we do concentrate on are the most important.

and people—VPP, if I could engage in an acronym. My advice would be to be a very persistent person—VPP—in emphasizing those things that will build volume, profit and people.

A lot of time we spin wheels because we are putting our time and effort against a project that, even if successfully completed, will not make an important contribution to the growth of volume, profit or people.

First, **take the time to think. . . deeply and creatively** about what our volume, profit and people growth objectives and strategies should be. If you are like me, you find it very hard to find enough time to devote to this. As George Bernard Shaw has said, “Few people think more than two or three times a year—I’ve made an international reputation for myself by thinking once or twice a week.” We really do need to think, at least once or twice a week. Reserve the time for it.

Second, **put together imaginative, specific plans to meet our objectives.**

Well-thought-out goals and strategies are important, but a statement of goals, without carefully thought-out, creative plans to execute them, is almost worthless.

Third, **these goals and the plans to meet them need to be constantly kept in front of our organization.** It is easy for them to be dutifully prepared and put in a file drawer. But they must be kept front and center as operating tools. They will need to be changed, updated and, above all, acted upon.

Every facet of our organization must focus on the achievement of results on the limited number of things that will contribute most to building volume, profit and people.

In the Advertising Department, that is almost certainly going to be better copy and marketing plans.

In Sales, it may be better distribution and featuring.

In Manufacturing, it is probably going to be lower unit costs, quality, and reliability.

And, in every discipline, it is going to include training, personnel planning, and development.

Approaching the business in this focused way will lead to simplification.

It will also help **avoid getting into the trap where there is too much attention on process and form and not enough on the end result.**

Net on this point—we have got to be sure that we are focusing our own efforts and those of our organizations to develop sharp, innovative plans to get results against those objectives that will do the most to build volume and profit and people.

It is amazing to me that, as good as we are, and as long as we have been in most of our businesses, there are

Principle #2

Know the reality of your business, your consumer, and your competitors.

still such important facts to be discovered that can be instrumental in improving our business. And may it ever be so. That's what keeps our business so invigorating.

By asking deeper, smarter questions, we can learn.

By studying our competition in greater depth, we can learn.

By talking to the trade in greater depth, we can learn.

By making an in-depth financial analysis, we can learn.

All these can be learnings that grow out of the basic principle of knowing our business...our consumer...our competitors...our trade partners, in depth. We must stay in touch with reality.

Herbert Butterfield, in his book *The Origins of Modern Science*, noted that "... of all forms of mental activity, the most difficult to induce even in the minds of the young, is the art of handling the same bundle of data as before, but placing it in a new system of relations. It is easy to teach someone a new fact", he said, "but it needs a light from heaven to enable a teacher to break the old framework to which the student has been accustomed." This statement describes a challenge we face in spades.

How do we address this challenge?...by taking care not to get enclosed in an ivory tower and by staying in touch with the reality of our business and the market—with what our competitors are doing, with what our consumers need and want, with consumers' acceptance of our products, and with the trade's attitudes and approaches toward us.

We need to find out how consumers are reacting to our advertising and the promises it makes about our products.

We need to thoroughly understand what our competitors are doing—and why—with a positive view to learning what can help our business.

We need to have close contact with the trade—to understand what our trade customers are thinking and seeking, and the implications of this on our business and how we deal with them.

In these, and in all ways, **we must stay in touch with reality and avoid abstractions. We have got to get out of the office and into the field.**

Whether it be in our plants, our agencies, our category groups, our sales organizations, or in any depart-

Principle #3

Take full advantage of the talents and energies of our people—the people reporting to us, our staff groups, our peers, our agencies, whoever is involved in making our business succeed.

ment, we tend to underuse the talents and abilities of our people. The only way I know to overcome this inherently human problem is by concentrating on it...especially on improving communication, delegation, and teamwork.

There are many aspects to this. Here are six I have found important:

1. Share the Challenge

Let people know what is needed and what the total business situation is in which we're operating. We often tend to be too closed in sharing the reality and totality of business challenges and plans with our people. Our people want this broader perspective and how they respond to it when it's made available!

Everyone involved must know the size of the stakes we're dealing with and they must respond. Net: Tell people clearly and openly what it is that we need from their operation and tell them why we need it.

2. Train Through Delegation

We need to delegate more. Outstanding people learn and grow by doing, by being in effective control of important parts of an operation. Sure, they'll make mistakes from time to time and, we do need to protect against major harm to the business or individual, but we've also got to recognize that our people will learn just as much as we did from some things that don't work. **We also must teach them to be smart risk takers and how to effectively hedge their riskier decisions.**

3. Build Bridges

Help create great interfaces. Build bridges between people. Get people from appropriate disciplines together to work on a problem. Get people who are experienced with an issue in touch with others who are about to experience the same issue. General manager leadership and championing of team-building is absolutely essential. Successful teamwork will not happen without it.

4. Listen Well

Unless you feel you are always right, and I have yet to meet anybody who is, it's hard to over-estimate the benefits of being a good listener. Some of the best decisions I have ever been involved in have come because I have listened well to a committed and strongly-put but controversial recommendation from a knowledgeable member of the Company. Listening well promotes good decisions, helps permit radical ideas to see the light of day, helps good communication, and is a superb tonic to motivation. It demonstrates honest respect. It helps people feel like winners, and it vividly conveys the expectation of high contribution.

5. Encourage Your People

Constantly encourage your people to propose and do what they believe is right after objective consideration of other points of view - - not what they feel you or other members of management want.

6. Recognize And Reward RESULTS

Personally champion, recognize and reward those results which you believe count most in the development of our business and your organization. For example, if a sales manager breaks a long-term distribution problem at a key account, call him up, and recognize the result. **There is nothing that provides a clearer message to the organization of what's important, and nothing that is more motivational to an individual or group than your taking the time to recognize and reward superior results.**