

YOUR BRIDGE TO SMART GROWTH

A CEO'S GUIDE TO DOING MORE WITH LESS

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The World's Leading Chief Executive Organization



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A recent Vistage Confidence Index survey showed that 86 percent of CEOs say they're having "to do more with less." The impact of the Great Recession and the challenges it has brought to businesses is far reaching. Most small and mid-sized companies are operating under resource constraints that include: significant staff reductions, scarce availability of credit, reductions in budgets, reduced customer spending, . . . the list goes on and on.

Operating under such limitations has prompted many CEOs to ask a simple question of their business: How can we do more with less?

The first thing to know about doing more with less is that the phrase shouldn't be interpreted literally. Think of it instead as a business approach defined by cutting out ineffective work, activities and expenses (or work no longer valued by customers) and focusing on work that improves your customer experience and net revenues. The challenge is simple: figure out what you are doing that is wasteful, end that activity and replace it with a more effective process that uses less resources and delivers new value.

This paper will look at four ways to do more with less: defining your business strategy, controlling costs, realigning employees and practicing time management. What I've left out of the discussion are two other high-level paths to maximizing your resources. Those are leveraging technology (automation, for example) and leveraging partnerships. While the former can be an expensive proposition with an outcome that's hard to manage, the latter is purely unique to a company's industry, line of work, culture and other factors. This paper focuses advice on more universal advice.

Define Your Strategy

Having a simple and clear business strategy is the single most effective way of "doing more with less." Without a strategy that permeates your company, you only strain your employees with more (and often misguided) activities without getting the results you want. So what exactly is strategy? Read on.

Business leaders often hear the call to deliver more value, get more customers, acquire more assets, do more web marketing, engage more social media, etc.



The real challenge, says Vistage speaker and business performance expert [Don Schmincke](#), is to do less and produce gratifying results. So how do you figure out what to do less of? Follow your strategy, says Schmincke, and if you don't have a good strategy then develop one.

"Most companies," he says "have tactics and a goal—the tactics will lead the business to the numbers it desires. Unfortunately, this isn't strategy. Business strategy is not analytical; rather, it's an intuitive approach that lets you discern what to do more and less of."

Business schools and consultants make strategy seem complex, says Vistage UK speaker [Roger Martin-Fagg](#), because that's how they earn money. But strategy is not complex. Strategy is not business planning or budgeting. "Strategy," says Martin-Fagg, "is the statement of your business's value proposition, and it's a statement that must be absolutely clear."

In defining "clear," he adds, the statement should not use jargon, ambiguous or overused words, (such as professional, value, quality, best, greatest) or other words that people can't apply a single, unequivocal meaning to or can't interpret easily.

"Strategy is about positioning your business in a unique and distinctive valuable way, and if it's not written in simple English then your customers, both actual and potential, aren't likely to understand it. You might. But your employees probably won't. The clarity of your positioning statement lets people in your organization know what they have to do when they come into work each day."

Companies that lack a clearly defined value proposition tend to see their prices erode until their products or services compete with others like a commodity. Companies with well-defined uniqueness maintain a strong market position that allows them to set the price they want, rather than accept what the market will give. There are many more benefits to letting a well-defined value proposition act as your strategy.

Benefits of a Strong Value Proposition

A strong value proposition helps employees make the right work choices and focus on productive activities, and it helps customers make the right purchasing choices.

According to economist Mary Kay Plantes, author of *Beyond Price: Differentiate Your Company in Ways that Really Matter*, a strong value proposition that differentiates your offer from your competitors' offers provides your company with the following benefits:



- Loyal customers who are willing to pay a premium
- Collaborative departments which share an understanding of where and how the company wins business
- Better and faster decision-making by employees, managers and executives
- Quick resolution to work-based conflict
- Better-leveraged, highly-effective resources because the company is focused

A value proposition that resonates with employees and customers brings clarity to the business internally. Employees understand the goals and strategies and know what needs to be done. In this way a value proposition drives and focuses the work, innovation, and integration of your current and future products/services. It helps a company to run itself, and it helps keep the employees focused exclusively on tasks that add value or drive revenue.

Characteristics of a Strong Value Proposition

When creating your value proposition, says Vistage speaker [AnnaMaria Turano](#), you want to follow some guiding principles. A well-created value proposition has these elements:

- It's easily articulated in a short sentence
- It contains a unifying idea that will resonate with key audiences
- It expresses the unique offering you bring to your customers
- It expresses the wants of your customers and potential customers
- It's sustainable and attainable short-term and long-term
- It differentiates your offer from your competitors' offers

Creating your value proposition requires knowing which customers you want to sell to, what they value and how your company is or can be unique to them.

Turano says that a solid value proposition also creates a strong emotional connection for employees and customers. Those emotional benefits include:

- Comfort – allows all stakeholders (internally and externally) to trust in the performance of what is sold as well as the direction for the future
- Confidence – helps employees to work continually toward the promise of the value proposition, which builds trust among employees, suppliers/partners and customers
- Opportunity – makes employees and customers vested in continued success and improvements on all fronts because they sense where the company is heading



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By creating a rock-solid value proposition that prospects and customers understand and employees embrace, you also enhance the corporate culture, which often takes a major morale hit during a downsizing of resources.

Examples of Value Propositions

As an example of strong and sustainable value proposition we can look at online shoe retailer, Zappos.com. They use the tagline “Powered by service,” but they’re value proposition is more along the lines of “customer joy and extraordinary treatment”. The company clearly states and repeats five elements of its “service” promise on its homepage and on every page of its site. Those elements are: free overnight shipping; free returns; 365-day return policy; 24/7 customer service; and their phone number (which implies that you can always talk to a person).

Businesses can learn three things from the Zappos value proposition and how it executes it: 1) You need to tout your value proposition in areas where you customer will see it. Zappos put its value proposition on every page of its Web site. When you don’t tout these values, prospects will assume you don’t offer them. 2) Your value proposition should eliminate your customer’s fears, uncertainties, doubts and deal breakers. 3) When you offer a value proposition that resonates with customers and employees and you deliver on your promise, people start talking about your brand, which leads to greater sales and incoming talent.

Turano offers the following examples of well-known companies and their value propositions:

Company	Customer Value Proposition
IBM	Easy to do business with (B2B)
Motorola	“Magnetic” phones that people want to buy (B2C)
McDonald’	Franchisees earn three to four times more vs. ownership of similar franchises (B2B)
Subway	Franchisees are “guaranteed” a steady paycheck/job. (B2B).
Lexus	Dealership profitability is higher than any other brand (B2B).

In

the examples above, Turano notes that business-to-consumer (B2C) value propositions typically state the emotional benefit and imply the functional benefit, while business-to-business (B2B) propositions state the functional benefit (such as earning more money) outright and imply the emotional benefit (feeling richer; having more opportunities).

The benefits of having a clear and simple strategy (your value proposition statement) are profound. Doing more with less, creating efficiencies, aligning your resources, employee performance, gaining focus and satisfying your customers—all of these hinge on how well you define and execute strategy.

Control Your Costs

“The only element we can come close to controlling is our own cost structure” says Vistage Chair Larry Cassidy. “So look closely at any expense that does not directly and positively impact the customer experience, and trim it.”

Many people think that costs are fixed, says Cassidy, when in fact, all costs can be varied over time—there’s no such thing as a fixed cost. Varied costs include your vendors, energy consumption, your lease and more. “When you reduce incoming costs,” he says, “you balance out cost pressures your customers are putting on you.”

Outsourcing tasks to less costly overseas workers can lower costs in the short term. “Outsourcing is not limited to labor or call centers; companies are now outsourcing C-level roles,” says Cassidy. However, he warns that if the new resource is not vetted thoroughly, and then produces poor work quality or tardy delivery, you will suffer lost business and higher long-term costs associated with redoing or fixing projects.

Another cost-saving route is to replace permanent positions with contract labor. “This allows a firm to pay for a set of skills only when they need them, not year-round,” says Cassidy, “and they can use the saved funds to contract other skill sets on an as-needed basis.”

Former Vistage speaker Barry Schimel, author of *100 Ways to Profit in a Volatile Economy*, notes that since 2007 commercial rents have decreased 40 percent. “Now is a good time to renegotiate your lease,” says Schimel, “or extend it a year or two in exchange for a rent reduction now.” He also offers these tips for lowering expenses:

- Set up an employee incentive program to generate cost-reduction ideas
- Ask managers for written plans on eliminating unnecessary expenses in their departments and other departments
- Examine your telecom bill for billing errors
- Consider using non-cash bonuses such as stock options, or an Employee Stock Ownership Plans as employee compensation



When cutting costs, don't assume that you or your CFO know all of the possibilities, advises Schimel. Ask managers for written plans on eliminating unnecessary expenses in their departments and other departments.

"Involve team members in finding ways to reduce inefficiencies and cut costs," says Vistage speaker [Dr. Jerry Jellison](#), an expert in change management. "Ask for their suggestions on how the business can reduce waste and save time, energy and money." Simple efforts brought forth by employees can result in substantial savings, most of which are recurring expenses. And these efforts tend to be supported because they originated from the employees.

When thinking of cutting costs, think also about getting more for your money. With labor as the largest expense at most organizations, it pays to focus on getting greater productivity from employees. Vistage speaker, [Richard Hadden](#), co-author of *Contented Cows Moove Faster*, recommends that companies take steps to get more "discretionary effort" from employees. He advises these actions:

- Make sure that employees understand how their individual work touches the customer. This is especially important for the workers who rarely, if ever, encounter a customer.
- Go out of your way to recognize outstanding performance, especially if you want to see more of it. Peoples efforts plummet the minute they feel they're being taken for granted.
- Prove to people that they can trust you, not only to behave ethically, but to act in their best interest. Lack of trust slows things down. When people are concerned about self-protection, they can't work fast, hard or with much creativity.
- Show people you care about them, as people. I once heard Chick-fil-A President Dan Cathy tell a group of store managers, "When a team member is enduring a personal hardship, we want you to go above and beyond for that person. When you do, you'll have their full attention when you talk about going above and beyond for our customers."

Hadden's advice is a reminder that cost-cutting is not simply a tactical challenge for management; it's also a psychological challenge for employees. Talk frequently with your employees suffering the cuts as they are the people in the best position to imagine new, better and less wasteful ways of doing things.



Fire, Hire and Realign Employees the Smart Way

One defining aspect of our new business landscape is that we've made a significant move away from the industrial workplace mentality towards an intellectual workplace. Vistage speaker and performance consultant [Jay Forte](#) says, "This migration has redefined what we need from employees, how we manage them and what defines performance."

In the industrial workplace, employees complete tasks, according to a process—skills and head count correlate to productivity. "In an intellectual workplace, employees need to think through a constantly changing service environment to determine the best, most efficient and most profitable response," says Forte. "They are no longer hired to 'do the job.' Attitude, aptitude and problem-solving abilities significantly influence the performance of one employee over another. In an intellectual workplace, a few of the 'right' employees can consistently outperform a greater number of 'wrong' employees."

Jobs are no longer skill-driven; they're now talent-driven. In this paradigm, fitting the employee to the job becomes important, says Forte. Employees with certain intrinsic talents and passions will be more capable, competent, engaged, results-focused and productive at particular jobs. "When you match the right person to the right job," says Forte, "the employee loves doing what they do, and the organization gives customers more significant service with a smaller head count. It is all about 'fit.'"

In the intellectual workplace there are smart and not-so-smart ways of getting more work out of fewer employees. Below are two options for companies to consider.

Dangers of cutting your workforce and giving more work to survivors

When you make cuts to your workforce and give the remaining employees more work to handle, you're applying an industrial-age mentality to an intellectual workplace. While you may save on labor costs in the short term, Forte says, your business will most likely experience the following negative consequences:

- Worker resentment that leads to less engagement, less overall performance and resignations
- Increased work/life imbalance and stress for managers and employees
- Reduced loyalty as surviving employees feel overworked, undervalued and disconnected from management
- Reduced customer connection and service levels that erode customer loyalty
- Reduced work quality



Often, those who remain after a layoff are asked to do a lot more work, without the benefit of increased pay, improved resources, better processes or a new business model. "Right now," says Vistage Chair Larry Cassidy, "everyone is being asked to do more. That's just a fact of the new business landscape. But businesses which overload their employees risk consistency issues, quality problems and possibly a high turnover rate from employee burnout."

"With excessive workloads," says developmental psychologist and Vistage member [Russ Riendeau](#), "Employees usually attend to their responsibilities in their job description first, and then do the work that falls outside of their job description. They find it difficult to get motivated to make a big impact with the added work. The work inherited by survivors is usually not done thoroughly; it's often neglected and it definitely requires more management supervision."

If you've given more work to your survivors and you are seeing some of the consequences listed above, then consider taking these actions that Riendeau recommends.

- Acknowledge in a face-to-face meeting that you realize you're asking workers to do more with less.
- Set short- and long-term goals to give direction, purpose and a plan to "win the game."
- Show appreciation beyond words: lunches, fun events, a handwritten thank you note, a gift card, or a bonus.
- Ask for the employees' input: Is there a better way to do things? Are you able to commit to this added work? Is some of this work not worth doing? Show them it is not a "take it or leave it" choice.
- Let them know when the work load will return to normal. Give them some light at the end of the tunnel.
- Shoulder the extra work with your employees
- Consider upgrading titles for staff that reflect their increase in responsibilities and job scope. A promotion is a powerful motivator, gives pride of place to the worker and let's them brag to friends. And, titles are free.

If you need to trim your workforce, Vistage Chair Larry Cassidy says first move out lower performers. "You may like the person you let go, but if they are a low performer, your business won't miss them. Keep your better performers, and treat them with respect so they will stay when jobs become more plentiful."



With good talent now available, companies can also lower head count by replacing a few low performers with one highly talented, more productive worker.

Benefits of realigning workforce

The key to realigning your workforce is retain the right employees (those whose combination of talent and passion align them with the job) and then make new hires based on who is the best fit for the required roles.

According to Forte, well-executed realignment can have these benefits:

- Surviving employees move into roles that play to their strengths and passions. They are more engaged, inventive and interested in what they do. They do the work of several because they connect both intellectually (they are good at it) and emotionally (they love doing it).
- Engaged employees provide a high level of customer response and service, driving customer loyalty, not simply customer satisfaction
- Capable employees reach for more responsibilities

And these drawbacks:

- Initially, movement and realignment is a stressful event. Even when the change is a good change, the combination of losing employees and changing roles can cause resentment, anger and stress.
- Learning a new hiring methodology based on talents, strengths and passions takes time and has additional up front costs.

With a well-conceived plan and well-executed process—that addresses both the tactical and emotional issues in corporate restructuring—you not only reduce the inevitable stress but even reinvigorate a staff eager to perform at a higher level out of pride in their work and in the company.

How to assess candidates for 'fit'

Once you decide on a realignment plan, you need to assess existing employees for best fit or look externally to find candidates with the talent and passion you need. In either case, says Forte, the first step requires you to define the talents you're seeking.

For each role you'll need to answer these questions:

- What core performance attributes or talents are required for the role?
- What team attributes are required for a good fit with the organization or team culture?
- What core skills and experience required is required?



After defining your talent needs, the next step is to identify employees or candidates with those talents. There are two basic ways to do this:

Pre-employment tests: These online interviews based on multiple-choice questions can help predict a candidate's aptitude and help an employer decide which job candidates to consider. They are typically used by larger companies that have defined what types of people they want in certain roles. Here are two sample questions you might find on a pre-employment test:

What best describes your experiences providing feedback to others at work?

- You do not have experience
- You have provided feedback to co-workers
- You have provided feedback to people working for you
- You have given feedback to direct reports about their performance
- You have set standards to achieve optimal format

It is best to analyze all the facts before making a decision.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree (Source: About.com)

The answers help you determine a candidate's overall attributes, including how well they plan and cooperate or how creative, optimistic, stable or disciplined they are.

Behavioral-based interviews: Behavioral interviews are used to predict the future performance of a person based on their past performance in similar situations. Specific interview questions are asked that help reveal how an employee would respond to or solve challenges.

Here are two examples of behavior-based "questions" (which are really more like commands): 1) Describe a stressful situation you've faced and how you coped with it. 2) Tell me about a specific time you used good judgment and logic in solving a problem. These are generally followed by probing or drill-down questions that bring out the specifics of the challenge and how the person responded to it. The follow-up questions



help the interviewer determine the candidate's critical thinking skills, their willingness to learn, how well they work in teams, how they handle conflict, and their level of professionalism, among other attributes.

The goal of using either tool is to determine if the candidate fits the profile the company is looking for. "A few of the 'right' employees," says Forte, "can consistently outperform a greater number of 'wrong' employees."

Once you hire or realign the right people, Forte offers a final bit of advice: "Remember that employees who are good at what they do and love doing it want autonomy and accountability. Let them have it. Tell them the results you want and let them figure out how to get them. Don't micromanage them."

Forte, a [performance improvement expert](#), recommends these firms which offer assessment tools: Hogan Personality Inventory: www.HoganAssessments.com and Success Performance Solutions: www.super-solutions.com.

Manage Your Time

One of today's toughest work issues may be how we manage our time. There are more distractions today that pull us away from productive, impactful work. Time costs money. And we can only do more with less if we make the best use of our time.

"Time management is a crucial skill," says Patrick Forsyth, author of [Successful Time Management](#). "It can enhance productivity, allow you to focus on priorities and ultimately act directly to improve the effectiveness of individuals and the profitability of the firm."

Managing your time means focusing on the top priorities for your company. It means you have to stop doing some of the things that you like doing, and then focus your time on those things that grow or improve your business.

Forsyth cautions that you shouldn't aim for perfection when you begin managing your time. "Just get as close to your ideal time arrangement as possible."

Time management tips for CEOs

To begin managing your time, start by writing out your "to do" list and all your recurring tasks. Next, assign a priority to each task based on how it adds to your customer experience or to your revenues. Focus your time on the high priority tasks



and delegate the rest of the one-off and recurring tasks. Forsyth recommends that you say “no” to all interruptions when you are working on high priority items.

Interruptions are often time-sensitive or urgent questions from employees because these are concerns that you don’t want to ignore, you need to balance having an open door policy with time management.

“One item that gets lots of buzz these days is office hours,” says Visatge Speaker Hunter Lott. Office hours are daily or weekly scheduled time blocks when employees can talk to you. Individual appointments can be on a first-come, first-served basis or by reservation.

CEOs often have plenty of excuses for why they can’t have office hours. To those with excuses, Lott asks this question: “If you’re not talking to your customers and employees, who is?”

Readers of a recent *Harvard Business Review* article “[Should You Hold ‘Office Hours’?](#)” posted some insightful comments. One reader wrote, “My experience is that this is an extremely effective practice.” The commenter goes on to say having regular office hours reinforces the concept of an open-door policy and it also encourages much needed employee contact with managers and the CEO. Additionally, office hours force employees to save their inquiries, issues and other items for a designated time. Lastly, when you hold office hours in a place where the rest of the team can see its use, they’ll be more likely to begin using them.

Time management for meetings

Meetings burn valuable time for all the executives and employees involved. Forsyth says all meetings should have:

- A starting time
- A finishing time (so people can plan what they can do afterwards and when)
- A clear agenda (maybe with timing for different topics and certainly circulated in advance)
- Good chairmanships (to keep discussion on track)
- No distractions (switch off telephones)
- A clear objective or goal

With these elements in place you can shorten meetings, make them more productive and lead by example when it comes to getting the most out of work time.



On a more tactical level, Vistage speaker [Don Phin](#) offers this advice: “Spend some time planning out what you want to accomplish at work in the next 90 days. Break your plan down into who, what, when, where statements.”

To better manage time, Phin recommends that business owners start saying “no” to commitments that don’t impact profit, and stop doing anything that a lower paid employee can do. In other words, become a master at delegation and use your time to focus on cutting out waste and improving profit.

Phin says that a good way to know how much time you are wasting is to know where every minute of your time is going. “Start keeping track of your time. Every so often track every activity that you engage in during a normal workweek.” Phin offers these templates to track your activities. The [Weekly Planning Prioritization Form](#) helps you assess and manage your task for the upcoming week. The [Weekly Review Process Improvement Form](#) helps you look back on the past week and assess what you should and should not be spending time on.

The bottom line is this: either you’re in control of your time or everyone else is.

The look of lean

“Doing more with less” is as much a mindset as it is a practical way of doing business. With laser-like focus on how best to streamline processes, reduce resources, reorganize staff and reexamine your product’s or services’ value proposition, it is possible to create a leaner company that’s truly helped, not hobbled, in the short term. The key is to engage employees and include them in conversations and decision making for a new and sustainable way forward.



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