

Where Did Walt and Sam Go Wrong?

A walk through the business section of a Barnes and Noble or Borders bookstore exposes us to books written about corporate icons. Books by some of the most successful modern day business leaders, the likes of Jack Welch, Larry Bossidy, and Louis Gerstner, to name a few, are proudly displayed on the shelves. I have read most of these. I learned and have gained significant knowledge from each of the books. I thank them for sharing their success secrets.

Yet when I narrow my focus to the icons that have the greatest impact on my business skills, two leaders immediately come to mind. Sam Walton and Walt Disney did not take a complicated approach to business. Yet they were very successful at creating great businesses. Their teachings are summarized in a quotation and an accompanying story from each. I share these quotes as part of my transfer of knowledge in my university lectures and my leadership seminars.

Sam: *"The key to success is to get out in the store and listen to what associates have to say. It's terribly important for everyone to get involved. Our best ideas come from clerks and stock-boys!"*

Walt: *"I never know where my next great idea is coming from!"*

Sam's quote was in response to the question, "What made you successful at building the Wal-Mart organization?" Walt's was in response to a supervisor asking him "Why do you spend time talking to employees and keeping them from doing their jobs?"

Both Sam and Walt knew they were not capable of building successful organizations without engaging and involving the entire organization in the business. Yet, this must have been the wrong way to build a business because so few organizations have followed their leads. Less than 10% of organizations today engage, energize, align, and involve all their people, even though studies prove that those who do, out perform those who do not.

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| ➔ | Culture and Strategy Alignment | 4 X | Revenue Growth |
| | | 12 X | Stock Value |
| | | 100 X+ | Net Income Growth |
| ➔ | Involvement | 3X | ROI (21%vs. 6%) |
| ➔ | Engaged Workplaces | +38% | ⬆ Productivity |
| | | +27% | ⬆ Profitability |
| ➔ | People Centered Practices | | Double Productivity |
| ➔ | Employee Satisfaction (+15%) | +40% | Financial Improvement |

Research References:

Denison Consulting, Gallup Organization, John P. Kotter & James L. Heskett, David Maister,, Charles O'ReillyIII

Why so few of Corporate America's business leaders follow the more successful model for success is a mystery. There are probably as many reasons why they choose to follow a different model, but Corporate America must reconsider because we have not been successful with other approaches when you consider.

- ➔ 70% of strategies...are never fully implemented.
- ➔ 70% of change efforts...fail.
- ➔ 75% of mergers and acquisitions...under perform expectations.

- ➔ 91% do not sustain...profit or revenue growth of 5.5%.
- ➔ 75% lower profit %...than in 1951.

References: Louis Foringer, Chris Zook, Michael Beer and Niltin Nohria, Prospectus Strategy Consultants, "The Economist,"

Conventional business direction has not enabled business to generate a high level of success. Organizations need to return to the simple but effective philosophies of Sam and Walt and look within their organizations for the best ideas, suggestions and innovative strategies. The organizations that do not focus solely on recruiting the best individuals talent but rather focus on getting the best out of all their people generate higher sustained results.

What is keeping your organization from achieving these higher results?

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