



## Outsmarting Your Competitors

Thought leader Jim Champy offers breakthrough lessons and strategies from companies that thrive on the leading edge in his book *Outsmart! How to Do What Your Competitors Can't*.

As he observes in his book, companies outsmart their competition when they:

- Focus on high growth while other businesses are satisfied with incremental growth.
- Develop their strategic plans not only on research and analysis—they depend even more on intuition.
- Stay focused on what they do best rather than lose their sense of purpose by chasing one new idea after another.
- Accept risk as a normal part of doing business. Other organizations avoid risk and thereby allow their fears to hamper their growth.
- Build a culture that values innovation and offers opportunities for their employees to share their ideas.

Champy's advice is based on considerable research to differentiate the smartest companies—with high growth—from “incumbents” that operate in traditional ways. His book shares eight case studies of lesser known companies that transformed their business.

*Outsmart! How to Do What Your Competitors Can't* by Jim Champy is published by Pearson Education. For more information: 800-428-5531.

## Pricing with Confidence

BY REED K. HOLDEN, DBA



I learned the danger of discounting the hard way when I started my consulting business fifteen years ago. We got a call from a company that seemed to be interested in our services. We leapt at the opportunity and presented a solid proposal with what I felt was a fair fee. The prospective customer responded by asking for a lower fee. And when we lowered the fee, he asked for a still lower one.

Then I got smart. I asked the prospect a question I should have asked before anything else: “What do you know about us, and how confident are you that we can solve your business problem?” The prospect's response was honest: “Not much and not much.”

That exchange led to a new conversation and a different proposal. The proposal focused on our understanding of the prospect's business pain, how our services would alleviate that pain, and how the prospect's business would directly benefit from the value our services added. A day later, with no more talk of discounts, the prospect gave us the engagement.

From that exchange, I learned a critical lesson: if all you talk about with customers is price, there is no price that is

going to be low enough. Price is important, but there are considerations that must come first, like value. If a prospect doesn't value that, we are happy to let our competitor have the honor of serving the prospect.

Some time later, we received a call from a senior executive at a large electronics company. The executive asked for our fee to train and prepare a sales team for a tough price negotiation with one of its largest and toughest customers. This executive knew our value. Nevertheless, when the fee offered was lower than we were prepared to accept, we did two things. First, we gave the executive the names of two consulting firms whose prices tended to be lower than ours. Second, we asked a question, “Do you regard this engagement as an *expense* or as an *investment*?”

The executive paused. He then admitted that he was thinking about it as an expense. That honest response gave us a chance to talk about the benefits of thinking about our services as an investment, one with ongoing payback for future negotiations. We booked the deal at our normal fee and went on to do a

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# 10 Ways Businesses Squelch Innovation

BY SUZANNE FETSCHER, MFA

While many organizations champion innovation in their corporate mission statements, their actions have the opposite effect of squelching creativity. Below are 10 ways that businesses unknowingly suppress innovation, along with suggestions on how to remove these roadblocks.

**1. Impatience with new ideas.** Organizations that subject every new idea to immediate logical analysis are squelching innovative thinking. Encourage free flowing brainstorming sessions, confident that there will be time later for scrutiny in the harsh light of day.

**2. Relentless multi-tasking.** Multi-tasking has been elevated to a core competency for many job descriptions, which is good for productivity but very bad for creativity. By setting aside daily distractions for dedicated creative thinking, you will lay the foundation for a creative corporate culture.

**3. Fear of failure.** Corporate cultures that punish failure, even born of innovation, will be mired in the status quo. By understanding the creative process and following a disciplined approach, organizations can develop risk tolerance essential to creativity.

**4. Uninspired workspaces.** Most work spaces are designed to facilitate daily functions of an organization rather than foster creativity. "Innovation stations" decidedly different in color and décor from standard cubicles should be reserved for brainstorming. These spaces will champion innovation, stimulate employees, and encourage collaboration.

**5. Disdain for creativity.** Many



organizations fail to support innovation because they believe that creative thinking never results in concrete progress. Rather than dismissing creativity as wasted time, organizations should provide in-service training in the concepts of innovation and then set specific goals for creativity, measured in a similar fashion to other performance criteria.

**6. Lack of exposure to new ways of thinking.** Seeing the same faces day in and day out leads to the same discussions, thereby not doing much to drive new schools of thought. Bringing in writers, artists, poets, scientists, and musicians to lead employee lunch-and-learn seminars will inspire fresh new perspectives.

**7. Inability to recognize inherent creativity in everyone.** Many organizations believe that new ideas can only come from the corner office, relegating everyone else to implementers. Creativity is inherent in every individual, and it

is essential that corporate executives come to terms with their own creativity and develop a respect for the creative resources inherent in their colleagues, from the boardroom to the mailroom.

**8. Creative process shrouded in mystery.** For many organizations, the nature of creativity is a mystery. They view creative individuals, such as visual artists, as blessed with insights that strike as bolts of lightning. By observing artists, we learn that creativity is process-based, beginning with research, progressing through concepts, and leading to implementation. Organizations can invigorate creativity by establishing creative processes.

**9. Failure to communicate.** Lack of effective communications deflates creative spirits. A mission statement championing innovation combined with a corporate culture stressing risk avoidance will squelch innovation every time. The answer is a free exchange of ideas and alignment of executive visions and cultural realities.

**10. Uninspired leadership.** Management at all levels, from CEOs to supervisors, can squelch innovation through everyday actions. If your boss insists that you focus solely on the task at hand and discourages new ideas, innovation does not have a chance. Innovative thinking requires innovative leadership.

Suzanne Fetscher, MFA, is president of McColl Center for Visual Art in Charlotte, North Carolina. McColl Center sponsors The Innovation Institute, a program that encourages innovative cultures by providing executives with insights into the artistic creative process. For more information: [sfetscher@mccollcenter.org](mailto:sfetscher@mccollcenter.org)

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## Pricing with Confidence

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number of activities with that company.

Successful leaders and managers know how to create value for customers and how to change conversations about price to discussion of value. The best companies know that they have to display a little arrogance about the value they offer in order to send an important signal to potential buyers. That tells prospects that

we are confident in the value we provide and, therefore, the prices we charge.

When you are asked for a lower price, what is your response? It *should* be some variation of, "What do you know about our organization and how confident are you that we can solve your business problem?" If you are confident about it, then you need not even

consider discounting. After all, if your prospects believe in your company, why shouldn't you?

Dr. Reed K. Holden is coauthor of the new book, *Pricing with Confidence: 10 Ways to Stop Leaving Money on the Table* (John Wiley & Sons, 2008). He is founder of Holden Advisors ([www.holdenadvisors.com](http://www.holdenadvisors.com)), a pricing consulting firm based in Concord, Massachusetts, and an adjunct associate professor at Columbia University.

# The Art of Strategic Leadership Conversation BY JESWALD W. SALACUSE

Much of the work of leading leaders takes place in conversations. Despite their individualized personal nature, successful one-on-one strategic conversations are subject to seven rules and principles that facilitate the task of leading other leaders. What are these rules?

**1. Define and Stay Focused on Your Goal.** Before you begin a strategic conversation, you should form a clear vision of what you want to accomplish in the meeting and keep that goal firmly in mind throughout.

**2. Get to Know the Other Person and Particularly That Person's Interests.** All persons, but especially those who are leaders themselves, want and need to be treated as distinct individuals, not just one in a crowd of followers. So if you want to lead a leader, you need to focus on and understand the person as an individual.

**3. Appeal to and Shape Those Interests.** Once you understand the interests of the persons you would lead, you need to appeal to and shape them in a way that will bring about desired behavior. Sometimes leaders try to induce their followers to give up their interests for the sake of the company or for the leader personally. These types of appeals are not likely to bring about desired results. To work, they may require undesirable forms of coercion—especially with people who are leaders themselves.



**4. Anticipate the Possible Actions of the Other Person.** In conducting any strategic conversations, a leader must ask three questions: (1) How will my statements be interpreted by the person I am trying to lead in light of his or her interests? (2) What strategies, tactics, and reactions will the person take in response to my statements? (3) What should I then be prepared to say in response to his or her reactions?

**5. Generate Options Together.** Engage the other person in a process of generating options that will allow you to achieve your objectives and at the same time satisfy some or all of the other person's interests. Toward this, create a climate in which the person you are seeking to lead

believes he or she can actually participate in the process of decision making.

**6. Evaluate the Options Using a Fair Process.** Research indicates that persons are more willing to accept an adverse decision if they believe it was arrived at through a fair process, rather than one that is arbitrary. Fair process allows followers to be heard, permits their participation, and considers their interests and concerns.

**7. Decide and Gain Commitment for the Decision.** Your goal in a strategic conversation is not merely to gain agreement from persons you lead but to gain their genuine commitment to act for the benefit of the organization in the way you have indicated. To secure commitment, the two of you might agree on a plan for verifying your and the other person's action. The obligation to make periodic reports or to allow you to make periodic inspections act as a force to encourage desired action by those whom you would lead.

Jeswald W. Salacuse is Henry I. Braker Professor of Law at The Fletcher School of Law and Diplomacy, Tufts University. This article is excerpted, with permission of the publisher, from *Leading Leaders: How to Manage Smart, Talented, Rich, and Powerful People* by Jeswald W. Salacuse. Copyright 2006, Jeswald W. Salacuse. Published by AMACOM, AMA's book division. For more information on this book title, visit [www.amanet.org/books](http://www.amanet.org/books)

## 10 Ways We Hold Ourselves Back

Marshall Goldsmith, world-renowned executive coach, identifies 12 reasons that keep executives back from further advancement, in his book *What Got You Here Won't Get You There* (Hyperion, 2008).

Among these obstacles to professional growth are:

**1. Winning too much.** The desire to win at all costs and in all situations, whether it matters or not.

**2. Adding too much value.** In other words, some executives have an overwhelming desire to add two cents to every discussion.

**3. Passing judgment.** You've probably

met executives who need to rate others and impose their standards on them.

**4. Making destructive comments.** Sarcasm and cutting remarks that we think make us sound witty can erect barriers between us and the job we want.

**5. Responding with "no," "but," or "however."** As Marshall Goldsmith observes, "The overuse of these negative qualifiers secretly says to everyone, 'I'm right, you're wrong.'"

**6. Telling the world how smart they are.** Their goal is to show people that they are smarter than we think they are.

**7. Withholding information.** Do you know people who don't share information? Their goal, says Goldsmith, is to maintain an advantage over others.

**8. Speaking when angry.** Using emotional volatility as a management tool.

**9. Failing to give proper recognition.** The inability to praise and reward.

**10. Making excuses.** The need to reposition our annoying behavior as a permanent fixture so people excuse us for it.

For more insights to get you where you want to go, check out Marshall Goldsmith's book *What Got You Here Won't Get You There* (Hyperion, 2008).



Here's what you'll find on the  
**AMA Members-only Website** [www.amamember.org](http://www.amamember.org)

**MANAGEMENT**

**Juggling School for Project Managers.**

Are you managing so many projects that you feel more like a circus juggler than a manager? Here's a five-step project prioritization plan guaranteed to help tame the chaos.

**LEADERSHIP**

**Driving a WIIFM Initiative.** WIIFM ("What's In It For Me") is everyone's favorite radio station. Successful chief executives are a hard-nosed, persistent lot who know that successful execution depends on their convincing people of the WIIFM.

**PROFESSIONAL DEVELOPMENT**

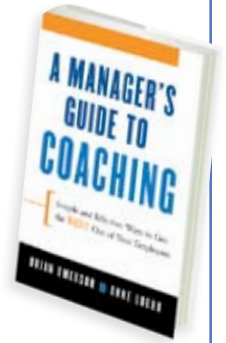
**The Lost Art of Shutting Up.** Looking to learn a valuable new business skill? Don't take this the wrong way, but consultant and author Mike Staver suggests this one: learn when to shut up. You'll appear more confident and intelligent, and it may even change your life.

**SALES & MARKETING**

**Sales Self-Sabotage: The Causes and the Cure.** Attention sales professionals: you may be sabotaging your own success. The remedy is to stop behaving like a salesperson and start behaving more like someone who has the customer's best interests in mind.

**Book of the Month**

*A Manager's Guide to Coaching: Simple and Effective Ways to Get the Best Out of Your Employees*, by Brian Emerson and Anne Loehr (AMACOM, 2008). The authors, certified executive coaches, provide busy managers with the tools they need to take their employees from good to great.



**AMA Conferences/Special Events Calendar**

**APRIL 15 WEBCAST • The IT Factor and How to Get It: Becoming a Master Communicator.**

If you're like most of us, you struggle in social and business settings where you're required to meet people and make a positive impression. Those who have "It" are just like you, but have figured out, cultivated, and practiced some fundamental skills. Learn what these are.

**APRIL 23 WEBCAST • C-TPAT Compliance: What You Need to Know.**

The Customs Trade Partnership Against Terrorism (C-TPAT) Program was designed to build cooperative relationships to strengthen the international supply-chain and improve U.S. border security. All managers in the supply chain should attend this Webcast where we will review

C-TPAT basics and explore key compliance issues.

**APRIL 25 WEBCAST • Building Alliances: Savvy Networking for Administrative Professionals.**

A major part of your success depends on getting things done through others. This Webcast will explore mastering the art of building alliances both in and outside your organization to help you accomplish goals for yourself and those you support.

**APRIL 30 WEBCAST • Optimizing Organizational Performance: Harnessing the Power of Project Management.**

Executives around the globe are passionately preaching their commitment to become their industry leader through product innovation and increased customer satisfaction. To achieve these

grand goals, companies need the right tools, skills, experience, and knowledge. In other words, they need to harness the power of project management.

**MAY 7 WEBCAST • Proving the Value of Training to the C-Suite: The Language of Bottom-Line Results.**

Stories of training failure echo persistently through the halls of power. Senior executives often lack experience with successful learning initiatives and simply don't understand their value to the organization. Thus a disparity exists between the value of training as a business partner and the perception of C-Level executives. In this Webcast Jim Kirkpatrick will offer advice and examples of how to "talk-the-talk" and make the case for training initiatives to senior executives.

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