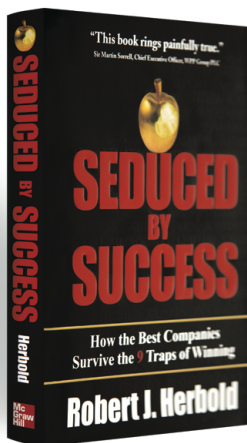


# SOUNDVIEW Executive Book Summaries®



by Robert J. Herbold

## How the Best Companies Survive the 9 Traps of Winning

# SEDUCED BY SUCCESS

### THE SUMMARY IN BRIEF

Don't let success put your company on the road to ruin. When leaders of organizations experience meaningful levels of success or periods of stability, they tend to believe that they are entitled to continued success into the future. In many cases, managers become complacent, comfortable and mediocre, when in fact they should be building on all the things they have done well in the past.

It is important to realize that people and businesses fall into this success trap. It happens to entire companies and departments, to small groups within organizations and to individuals. All are susceptible to the perils of success.

Robert Herbold wrote *Seduced by Success* in an effort to help individuals and organizations become successful and *stay successful*. This summary will show you how to look past your current success or stability and constantly probe for new and better ideas and ways to do things. Herbold shows companies how to avoid the nine traps of success — the legacy practices that almost felled giants such as General Motors, IBM and Apple.

The issue of how to put past successes in perspective is also addressed, showing readers that they should not rely too heavily on what worked yesterday or what's working today. It's too easy to be trapped in the exhilaration of the present and to believe you've found the true and everlasting formula for sustained success.

### IN THIS SUMMARY, YOU WILL LEARN:

- How GM's success gradually led to its downfall.
- What steps DaimlerChrysler took to become a manufacturer of unique automobiles.
- How a focus on details and execution helps organizations avoid the trap of boredom.
- How Southwest Airlines rose to the top of one of the toughest industries.
- Which three guidelines are necessary to clearly communicate expectations.
- How Apple managed to make a comeback with iTunes and the iPod.

### CONTENTS

#### Success Is a Serious Business Vulnerability

Page 2

#### Trap No. 1: Neglect

Page 3

#### Trap No. 2: Pride

Pages 3, 4

#### Trap No. 3: Boredom

Page 4

#### Trap No. 4: Complexity

Pages 4, 5

#### Trap No. 5: Bloat

Page 5

#### Trap No. 6: Mediocrity

Pages 5, 6

#### Trap No. 7: Lethargy

Pages 6, 7

#### Trap No. 8: Timidity

Page 7

#### Trap No. 9: Confusion

Pages 7, 8

#### The Key to Continual Success

Page 8

# THE COMPLETE SUMMARY: SEDUCED BY SUCCESS

by Robert J. Herbold

## Success Is a Serious Business Vulnerability

The vulnerabilities resulting from success can bring down individuals and organizations of all sizes. For example, look at what has happened to General Motors, or GM, a 98-year-old company that took the leadership of the automobile business away from Ford in the 1920s. In the 1950s it became the largest employer in the free world and the first firm to make \$1 billion in a year. In the mid-1970s, GM had almost a 50 percent market share in the United States, as well as the best-selling model in America, the Oldsmobile Cutlass.

However, for the next 30 years, it was downhill for GM. By early 2006, its financial problems were staggering. It had lost \$8.6 billion in the prior year, and its market value was down to \$11 billion. How could such an incredibly successful company experience a three-decade-long decline?

For 30 years, GM watched Japanese car companies come to America and build nonunion plants that turned out distinctive-looking cars with world-class quality and industry-leading efficiencies. The car manufacturer never came to grips with the enormous constraints that were put on the company by its rigid legacy practices. Besides having models described as “too timid to excite consumers,” the company’s inaction on the labor front was killing it.

By 2005, it had almost 700,000 retirees and their dependents who relied on GM for pensions and health care; spending on this came to roughly \$2,200 for every vehicle that GM built and was the key reason that the company lost \$1,227 on each vehicle it sold in North America. Year after year, GM went blindly along, producing unexciting cars and signing union contracts that were clearly economic suicide in the long run. It had been clearly captured by its legacy practices.

### Why Does This Happen?

When you step back from all this General Motors history, it is absolutely shocking to see America’s premier corporation of the 1970s spiral downward for three straight decades. What’s ironic is that the former head

of GM, Alfred P. Sloan, is famous for saying, “Any rigidity by an automobile manufacturer, no matter how large or well established, is severely penalized in the market.” Sloan was actually referring to Henry Ford, who in the 1920s refused to change his business model to build different cars that would suit different tastes in America. Little did Sloan know that the comment would be applicable to GM decades later.

The story of GM is a classic lesson of how companies can be captured by legacy practices from periods of success, causing very serious problems. There are three destructive behaviors that are created and nurtured by success. They are the following:

**1. Lack of urgency.** Success seems to lead to the avoidance of any kind of stress in favor of basking in the glory of prior times. Individuals, companies, government agencies, nonprofits and education groups are all vulnerable to this behavior.

**2. Protective and proud.** Success and stability seem to breed a loss of curiosity and a defensive attitude toward any kind of new thinking that would suggest that what is currently being done might not be the best approach. This is sometimes called the “not invented here” problem.

**3. Entitlement mentality.** Once you achieve some degree of success or stability, the world does not owe you lifelong success. Many individuals and organizations are so impressed with themselves and their achievements that they can no longer imagine a world where they are in decline. ■

**The author:** Robert J. Herbold served as chief operating officer of Microsoft Corp. from 1994 to 2001. Prior to working at Microsoft, Herbold spent 26 years at Procter & Gamble. Currently he is now the managing director of Herbold Group LLC, a consulting business focused on profitability and operational and marketing issues.

*Seduced by Success* by Robert J. Herbold. Copyright © 2007 by Robert Herbold. Summarized by permission of the publisher, McGraw-Hill. 326 pages. \$27.95. ISBN 0-07-148183-4.

Summary copyright © 2007 by Soundview Executive Book Summaries, www.summary.com, 1-800-SUMMARY, 1-610-558-9495.

Published by Soundview Executive Book Summaries (ISSN 0747-2196), P.O. Box 1053, Concordville, PA 19331 USA, a division of Concentrated Knowledge Corp. Published monthly. Subscriptions: \$209 per year in the United States, Canada and Mexico, and \$295 to all other countries. Periodicals postage paid at Concordville, Pa., and additional offices.

**Postmaster:** Send address changes to Soundview, P.O. Box 1053, Concordville, PA 19331. Copyright © 2007 by Soundview Executive Book Summaries.

**Available formats:** Summaries are available in print, audio and electronic formats. To subscribe, call us at 1-800-SUMMARY (610-558-9495 outside the United States and Canada), or order on the Internet at www.summary.com. Multiple-subscription discounts and corporate site licenses are also available.

### Soundview Executive Book Summaries®

ERIKA LARK – CONTRIBUTING EDITOR  
ATHENA NICOLAIDES – GRAPHIC DESIGNER  
MELISSA WARD – MANAGING EDITOR  
REBECCA S. CLEMENT – PUBLISHER

### Trap No. 1: Neglect

Neglect is sticking with yesterday's business model. It's been seen time and again. Individuals and organizations experience the euphoria of winning. But seldom do these same talented people and organizations step back, review all the elements of their business model and confront the question of whether or not they are improving.

When you consider how businesses in a particular industry operate, the thing that is so striking is the wealth of opportunities that exist to dive into a particular area and create unique advantages over the competition. We've seen such companies emerge as unusually successful because of a unique logistics approach or a superior customer services model or by adding significant new capabilities to the products and services that had been defined narrowly in a particular industry. What's important is to be constantly challenging your organization to imagine a different world from the one you are dealing with today. And you must really probe your potential to create real advantages.

#### *Face Reality, Then Tackle Your Vulnerabilities*

One of the most important things an individual can do is to develop a mindset that constantly assumes that things can be improved and aggressively pursue alternatives. Here are some steps to follow to figure out where things stand:

- **Review all aspects of your business model.** This is the kind of exercise that typically never happens. People get so busy executing day-to-day activities that they rarely step back and look at the big picture.
- **Be objective.** This is the hard part. People who have experienced success and are experts in their legacy practices see things through biased eyes.

#### *Turning IBM Around*

In the early 1990s, IBM was an example of a previously successful company whose top managers were not realistic. They were clinging to the ways in which IBM had operated for years, and they could not imagine any viable alternatives. Then Lou Gerstner became CEO in 1993. Gerstner ran into some incredibly entrenched legacy practices — the first thing that infuriated him was the company's process of strategic decision making, which consisted of groups within IBM forwarding proposals to the Management Committee. The committee was made up of six members who met once or twice a week and held lengthy and formal meetings.

The second thing that bothered Gerstner about IBM was its complex financial management process. It was extremely difficult to pull together consolidated finan-

cial statements for all of IBM, making it hard to find out the status of projects. The final problem that Gerstner uncovered in the company's business model was how confusing IBM was from a customer perspective. Customers were disappointed by IBM's lack of responsiveness, undoubtedly because of its organizational complexity.

Given these problems, Gerstner had to make some very fundamental changes in the company. Within six months of his arrival, he announced to all employees that their new role would be to solve the customer's information technology-related business needs. His vision was to transform IBM from a computer company into a much broader technology and services company. Facing reality and fighting the urge to stick with your old business model can be difficult, but with great leadership, as in the case of IBM and Gerstner, it can be done. ■

---

### Trap No. 2: Pride

Pride is the trap that allows your products to become outdated. Great products are all about unique, distinctive capabilities that are constantly updated and kept fresh. Unfortunately, there are plenty of examples of successful products that have been left alone and allowed to drift into mediocrity because their companies became frozen in the practices they believed were the secret to their success.

#### *Uniqueness: An Absolute Essential*

Back in 1996, Chrysler was at the top of its game. It had achieved that status by bringing out some very distinctive and successful automobile lines. It invented the minivan and took Jeep and generated a new version of the Grand Cherokee, which basically created the sport utility vehicle. At the time, these vehicles were unusual and unique automobiles. Chrysler was also riding on the success of some of its other vehicles, but the 1998 merger with Daimler-Benz would prove difficult. The next three years were very tough for Chrysler as part of DaimlerChrysler AG. After several years of strong car and truck sales, demand for the company's high-margin minivans and SUVs was cooling off, primarily because the competition was catching up.

During this period, Chrysler hired large numbers of people. All of the excess, coupled with the absence of distinctive new vehicles, led to financial trauma. When Dieter Zetsche took over as CEO, he found a lot of complicated financial projections but no thorough analysis of the company's strengths and weaknesses. He

*(continued on page 4)*

### Trap No. 2: Pride

(continued from page 3)

#### Chrysler's Comeback Car

Zetsche's comeback plan began to take hold in the spring of 2004, with the introduction of the Chrysler 300 sedan. Its hulking look, small side windows and massive egg-crate grille caused *Car and Driver* magazine to describe it as: "This mobster in a pin-stripe may just save the franchise." It was named *Motor Trend's* Car of the Year.

The secret to Chrysler's turnaround, driven by CEO Zetsche, was summarized well in the *Wall Street Journal* when it said, "Mr. Zetsche pushed engineers working on new cars to give each model features customers can't get elsewhere, additions for which they might pay extra."

quickly moved into action, cutting 20 percent of the work force and reducing the cost of parts by 15 percent. Zetsche also took it upon himself to get the excitement back into Chrysler's vehicles. ■

### Trap No. 3: Boredom

Clinging to your once-successful branding after it becomes stale and boring is a dangerous hole to fall into. American fast-food giant McDonald's fell into this trap in 2002 as customers complained about slow service, rude employees and cardboard-tasting food. Because the food chain had become so accustomed to being on top, it had let all the elements of its marketing slide into disarray: ineffective strategy/theme, lack of acknowledgment of current trends and poor execution at the store level.

The business world is full of examples like this: once-exciting brands that became dull, old and stale. This often happens because less focus is placed on the brand once it is successful. The folks running those brands assume that they have found the magic formula and now it's time to sit back and reap the benefits.

#### *Be Clear and Concise*

It is startling to see how many products in the marketplace are struggling as a result of a severe case of lack of identity. A great example of understanding distinctiveness and freshness is Harley-Davidson. In 1985, the company was in trouble. Its motorcycles were of poor quality, but the most severe problem was constant oil leaks in the bikes.

Fortunately, Jeff Bleustein stepped in as the engineering vice president during this decline and finally con-

quered the quality issues. From that point on, Harley-Davidson became an incredible success story, primarily because of fantastic branding — it essentially built a motorcycle cult. It tackled the building of this brand from many angles, but the core element in all its products and marketing was the distinctive Harley attitude of individualism, freedom and rebellion.

#### *Focus Relentlessly on Details and Execution*

Starbucks is an excellent example of superb brand execution. The company has a very clear picture of what it wants to be in the consumer's mind, and it works endlessly to have every aspect of the consumer experience line up with that objective.

So how do Howard Schultz and his team keep that consistent Starbucks experience while constantly refreshing the product line? Their success comes from the way the company connects with customers, communities and each other. As Schultz has said, Starbucks is not in the coffee business serving people, it's in the people business serving coffee. A typical customer stops by his or her favorite Starbucks an average of 18 times a month. No American retailer has a higher frequency of visits. Starbucks exemplifies the essence of keeping the core of a brand strong. ■

### Trap No. 4: Complexity

As successful organizations grow, they often fall into the trap of hiring too many people, which makes the organization more complicated. Organizations then reorganize into smaller groups to get as much clarity as possible, but this often leads to unproductive fragmentation of processes that should be carried out organizationwide.

#### *Don't Wait for the Crisis*

Why is it so hard to constantly push for improvement in the processes that help run the organization? The reason is that change is very hard for individuals to accept. The price you pay for waiting and allowing that process to become out of date can be enormous. Eventually, you end up in crisis mode, trying to fix things just to catch up, without any notion of actually trying to get ahead of your competition. In addition, by tackling these things when they are running fairly well, you have more of an opportunity to experiment with different approaches, since you are not under the gun to fix the problem now.

Schneider National is a trucking company that serves customers such as Wal-Mart and Lowe's. During the 1980s and 1990s, when Schneider was growing quickly, its services were in high demand because the trucking

(continued on page 5)

### Trap No. 4: Complexity

*(continued from page 4)*

industry wasn't very well-developed. However, in 2000, the company's growth began to sag due to the increased overcapacity in the industry and the slowing economy.

In order to deal with this impending crisis, Schneider National put some operational principles in place to ensure that this didn't happen again. Here are the six steps Schneider took to put a set of procedures in place on an ongoing basis:

**1. Process focus.** Schneider developed an enterprise model that described how the business works. It then dissected that model into its component processes and committed itself to constantly perfecting each one.

**2. Process owners.** Each of the processes outlined in the enterprise process model was assigned a particular process owner, who was a senior executive empowered to make whatever changes were needed to keep that process superior to the competition.

**3. Managerial engagement.** The management of an organization has to provide strong leadership by setting an expectation that things will constantly be improving.

**4. Full-time design teams.** When potential improvements in a process are spotted, people need to be assigned to the task of achieving those improvements, and they need to be working on them full time.

**5. Building buy-in.** The design team needs to get people's ideas and work to enroll people in the cause to make significant improvement.

**6. Bias for action.** Both the design team and the process owner need to operate with the mindset that says that 80 percent is good enough. At Schneider, the design team adopted a principle of "70 percent and go." This means that when the team developed an improvement, even though it hadn't achieved perfection, it implemented what it had and modified it on the fly.

The six steps should enable an organization to avoid crisis, but a strong focus on continually achieving simplicity, efficiency and standards is required. ■

---

### Trap No. 5: Bloat

Successful organizations that were once agile typically tend to reward themselves with more manpower. These additional employees tend to make the business more fragmented, which complicates and slows down decision making. It also leads to slow reaction times when there are changes in the marketplace and to a defensive attitude.

### Assign Top Talent to the Tough Issues

Volumes have been written on the importance of getting the right people in the right jobs. Different organizations go about this in a myriad of ways, but once these people are on board, you need to get them excited about what they can achieve, and then delegate responsibilities to them and see what they can do.

At Microsoft, they tend to look for individuals who have a passion for the computer industry and, most important, are super-intelligent. The company trains its current employees to interview candidates for passion and intelligence, seeking people from top schools and other companies. Microsoft's emphasis is on IQ, and recruiters are taught a variety of questions to use in probing for the desired intelligence and problem-solving skills.

For example, a candidate might be asked to estimate the number of gas stations in the United States. What's important is to see what kind of steps this candidate will come up with on the spot to make a reasonable estimate. The recruiter isn't after a "correct" answer; he or she is interested in the speed and creativity with which the candidate could put together a reasonable process for making a logical estimate. One of Microsoft's core competencies is recruiting top talent. The company recruits for incredible enthusiasm and raw intelligence, which has largely helped its successes over the years. ■

---

### Trap No. 6: Mediocrity

Many organizations fall into the trap of sloppy personnel management. This is dangerous, since people are your most important asset. These companies treat all their employees well, but they also treat all their employees the same.

While many companies take pride in this approach, the problem is that the superstars don't get challenged to their full potential and the poor performers don't get confronted. Typically the performance appraisal system atrophies to the point where it is nearly nonexistent. The organization evolves from a meritocracy to one that is attempting to create a team spirit centered on a successful past.

There are four steps that you need to take to revitalize your talent pool and to create that lean, mean fighting machine. These steps seem to come right out of a human resources textbook, but it's shocking how seldom they are done well.

**1. Institute a performance appraisal process that is actually used for each and every employee at least**

*(continued on page 6)*

### Trap No. 6: Mediocrity

(continued from page 5)

**annually.** Make sure that there are checks and balances to ensure that everyone gets a high-quality appraisal and that the ratings for people are adequately spread out. Roughly 10 percent of your people should be classified as excellent, and there should be 10 percent who are clearly classified as doing unsatisfactory work. The middle 80 percent need to be managed according to how they are doing.

**2. Compensation plans as well as emotional rewards need to vary significantly by performance rating.** Your strong performers should get significant rewards, and your poor performers should get virtually nothing.

**3. Get rid of deadwood. You need to deal with those weak performers.** Everyone in the organization knows who they are and is watching how you are going to deal with them. If you put up a weak performance, it sends a signal that people really don't have to work hard to do just fine.

**4. Fast track your superstars and rotate your average performers.** Leaving people in a job too long is bad. The superstars need to be stretched, and the average performers will become the protectors of the legacy practices they are familiar with. This hurts the organization, and even more dangerous, the organization begins to believe that those individuals are critical and must be left in their current jobs because they represent a scarce resource that has deep accumulated knowledge.

Organizations need to be anxious to take on the next challenge. Even if a business is in the midst of a raging success, it needs to create an atmosphere that clearly states that it is after the next level of excellence. ■

### Trap No. 7: Lethargy

Success can often cause businesses to become lulled into a culture of comfort, casualness and confidence, where negative characteristics are consensus-oriented decision making, ambiguity and a lack of aggressive behavior in general. This leads to the following four traits, which can cause things to get worse.

**1. Your company always adds projects and never eliminates any.** This kind of behavior comes about because the view is that this is a successful company, and successful companies dabble in a lot of projects. Nonetheless, you need a process for regularly inspecting the list of things happening in a group and cutting out the marginal things or those that have dragged on too long and never contributed to the business.

### Clarity, Simplicity and Repetition

In order to fight the trap of lethargy in an organization, the following three guidelines should be followed in order to ensure success:

- **Everyone should describe the culture in the same clear way.** If employees hear confusing messages from various leaders or if they notice that some of their leaders' behaviors don't match company values, the culture will weaken and fragment quickly.

- **The message should be simple.** Everyone in the organization should be able to immediately state the organization's key values.

- **The values need to be repeated.** There is no substitute for employees hearing management refer to the values on a regular basis and observing behavior that is consistent with those values.

**2. Your company hires excessively.** Often the thinking is: If we are successful, we need more people so that we can do even better in the future. Headcount needs to be carefully managed, and new ideas should be staffed by killing old, stale projects.

**3. Your company lacks intensity about the competition.** Your company culture needs intensity, focused on the fact that business momentum is always created by distinctiveness and uniqueness that has an appeal to customers. You should always be rallying the troops around your latest distinctive product to continually create excitement.

**4. Your company fears change.** Managers need to be constantly reorganizing employees around big opportunities — this helps create an agile and aggressive culture.

#### Southwest Airlines

In 34 years, Southwest has grown to be a company with about 35,000 employees, its plane fly to more than 60 cities and it has a fleet of almost 400 Boeing 737s. The first three years after 9/11 were brutal for the airline industry. During that period, the major carriers laid off thousands of people and collectively lost \$22 billion. However, Southwest did not lay off a single employee during that three-year period, and it remained profitable each quarter. In May 2004, Southwest became the leader in the number of domestic customers it carried per year, surpassing all other airlines in the United States.

There's no doubt that Southwest wins the clarity, simplicity and repetition award in keeping its values and its culture absolutely constant. Keeping with these guide-

(continued on page 7)

## Summary: **SEDUCED BY SUCCESS**

---

### **Trap No. 7: Lethargy**

*(continued from page 6)*

lines is at the heart of the company, and it's amazing how much success it has generated in one of the toughest industries. ■

### **Trap No. 8: Timidity**

Organizations tend to fragment into fiefdoms. Management falls into the trap of ignoring the typical buildup of divisive turf wars and infighting. This can occur at many different levels. It can involve warring individuals within a group or a department, or it can involve warring groups. In the worst case, the whole organization, with its various divisions, groups and individuals, is working to protect various turfs.

Once you have information about where the silo and fiefdom problems are, the tough part is doing something about them. That requires nerves of steel and strong leadership skills. However, the situation has to be confronted. There are two tools for breaking up fiefdoms:

**1. Place strong performers from outside the fiefdom in key jobs within the fiefdom.** This will not only provide some fresh new direction, but signal that "the party is over."

**2. Dismantle the fiefdoms by reorganizing.** This forces people to get back to basics and realize that changes are what will be required.

#### ***Assemble a Team You Believe In***

Too often in business, we think that certain people have deep expertise and experience and we are afraid to move them out. This is usually a gigantic mistake. Naturally there are exceptions to this rule, but even in those cases, beware.

The automobile business provides a rich example. In the 1950s and 1960s, Porsche established itself as the thoroughbred luxury sports car brand. Starting in the early 1970s, however, it had a very difficult time, and by the early 1990s, Porsche was a company in deep distress. It had an antiquated, legacy production system that was very inefficient, and it had experienced two decades of failure to broaden the appeal of its product line.

One of the first steps that the company took was to create a fresh leadership team. In 1993, the Porsche board of directors set out to assemble a new executive team. It named Wendeline Wiedeking as the new CEO. One of Wiedeking's primary strengths was his ability to make principled but unpopular decisions.

Next, Porsche tackled its poor-performing legacy man-

ufacturing process. It took three years to generate significant improvement, but by 1997, Porsche workers took only 45 hours to build a 911 model vehicles, compared with 120 hours in 1991.

Once production problems were dealt with, management turned its attention to modernizing the product line. It updated the 911 model to make it more luxurious. In addition, Porsche created a mid-engine roadster, the Boxster. This was a smaller, less expensive version of the 911, with a very sporty look and great performance. By 2003, the Boxster accounted for 40 percent of Porsche's unit sales worldwide and 50 percent of its sales in the United States, Porsche's largest market.

By the end of 2004, the automobile manufacturer was in high gear. The 911 model was as healthy as ever, the Boxster was a raging success and so was the Cayenne SUV. Looking back to 1993, this is a clear example of the value of getting new talent and letting these people build a unified team to achieve great things. ■

### **Trap No. 9: Confusion**

Many leaders of successful organizations fall into the trap of confusion and schizophrenic communications. They will describe a direction one day, then change their position the next day; or they will say one thing, but their actions won't support it.

These kinds of communication issues happen at all levels of the organization. The problem can be a first-level group manager who constantly confuses his six direct reports about the direction of their efforts. The reason is that he has not internalized the need to change anything. It can be a division vice president who doesn't have a clear direction for the people of his organization, even though the problems are mounting, a competitor is thriving or an opportunity is being mismanaged.

#### ***Wal-Mart's Communication Process***

Back in the early days of Wal-Mart, Sam Walton personally designed a process that was used every week to continually collect information on the company and its competitors. It was done to find out what was and wasn't working, as a basis for modifying plans accordingly. After all, Walton would point out, the customers and employees in the stores know best what it will take to keep Wal-Mart on top. The whole communications process was focused on tackling missed opportunities promptly and getting them fixed within days. The repetition of this process week after week sent a clear signal that store execution was absolutely king at Wal-Mart.

*(continued on page 8)*

## Summary: SEDUCED BY SUCCESS

### Trap No. 9: Confusion

(continued from page 7)

#### *Make Expectations Clear*

When driving change, the leader needs to describe specifically what the goal is and how progress will be judged. Here are three guidelines that will help in the communication of clear expectations.

- **Simplicity.** You need to tell employees what you are asking for and why you are asking for it. Your message needs to be succinct, understandable and sensible.

- **Standardized measures.** It's ideal if you can develop an exhibit or two showing the data or charts that you are using to determine whether you've achieved the goal or not.

- **Continual inspection.** People need to know that management cares and that it is using specific measures to determine whether success is being achieved.

Employees get very confused and nervous when a leader is ambiguous and confusing about what the group is trying to achieve. It touches off debates and defensive attitudes as the confusing messages accumulate.

It sounds very simple to always have in front of employees a description of the desired outcome, the current status of things and clear expectations of what should take place in the immediate and long-term futures. However, this can often be harder than you think, but it has big payoffs in achieving and sustaining success. ■

### The Key to Continual Success

A key lesson is that no matter what the history of an organization is, once a degree of success is achieved, it breeds a culture of a lack of urgency, complacency, excessive pride and a protective attitude toward the way things have been done in the past. Success also encourages an entitlement mentality that assumes since you've done well in the past, that will always be the case.

The humbling part of business is that just as soon as you have achieved some degree of success, word gets out. Your competitors are observing you, and they are hungry and anxious. They are plotting aggressively to move ahead of where you are.

However, there are two guidelines that are exceptionally important once you reach the point of success and stability. Practice them at all times.

1. **When you are a winner, be as aggressive as you were when you were lagging behind.** Remember the high sense of urgency when the competition was ahead of you and you were hustling with the bright idea that you believed you could put your company out in front. In any organization, that same degree of urgency needs

to exist at all times.

2. **Develop a culture that constantly questions all practices at all times.** You need to become a student of your areas of responsibility and the areas around you. You also should constantly be probing for new and better ways to do things, while continuing to execute your current responsibility with excellence.

#### *Resting on Your Laurels Is Never an Option*

There is one company whose ups and downs over the years provide a great example of an organization that has lost momentum because of all the success-induced traps previously discussed. That company is Apple.

In the early 1980s, Apple was truly on top of the new and exciting personal computer industry. Steve Jobs, Apple's co-founder, was heaped with lavish praise. But by 1983, Apple's business was softening and Jobs took the very unusual step of hiring someone from outside of the computer industry to join the company. He chose John Sculley, former president of Pepsi-Cola USA, the beverage subsidiary of PepsiCo. Sculley got off to a slow start, and it was clear that Jobs and Sculley were having difficulty figuring who should do what — the classic case of two people trying to do one job.

More than 20 years later, in March 2006, Apple sold its billionth song from its iTunes Store. Stepping back, the difference between Steve Jobs' behavior in the mid-1980s and his incredible energy and innovation in the late 1990s and early 2000s is amazing. In the early 1980s, Apple and Jobs were flying high, and then they tanked because Sculley and Jobs did not rally around a focused plan and because of Jobs' proud and protective attitude toward the Macintosh.

Apple's volatile history is an extremely rich reminder of the need to constantly be vigilant in your efforts to improve. You must remember, no matter how many times you have been up or down, watch out for the wicked traps that success creates. ■



If you liked *Seduced by Success*, you'll also like:

1. ***Driving Change* by Mike Brewster and Frederick Dalzell.** We see those brown trucks everywhere — to most people, UPS is a reliable fact of life. But to well-informed business-people, Big Brown is a company to emulate.
2. ***Firms of Endearment* by Rajendra Sisodia, David B. Wolfe and Jagdish Sheth.** Today's best companies get it. From Costco to Wegmans, they're becoming the ultimate value creators, generating every form of value that matters: emotional, experiential, social and financial.
3. ***Exceeding Customer Expectations* by Kirk Kazanjian.** While providing a thorough case study of the success of Enterprise Rent-A-Car, Kazanjian also gives an in-depth look at the strategic management practices that have boosted the company to the top of its industry.