

Patterns for Building a Beautiful Company

A work in progress. Last updated August 26, 2002.

Linda Rising, risingl@acm.org
Caroline King, IAMCKING@aol.com
Daniel May, danielmay@yahoo.com
Steve Sanchez, ss4@mindspring.com

Introduction

The patterns in this collection are a toolbox for building a beautiful company. We hope these patterns will enable entrepreneurs to produce more than just a place where people turn up to punch in and out. We want to create workspaces where people feel they're making a difference at some level, where they are free to be their best.

As we watch the Enron and WorldCom dramas unfold, we see a disturbing leadership pattern and its result. What's missing are whole (in the sense of complete) firms built on a foundation of possibility, integrity, and beauty. In many instances what we see today is that profit is everything.

We believe that to make money, you have to believe in the product or service you offer and care for the customers or clients you serve. That isn't a religious argument; it's a business lesson. When a company cares passionately about what they do and the people they do it for, magic can happen. Tom Peters tells the story of McDonald's founder Ray Kroc. Someone asked Kroc what the secret of his success was, and he answered, "You have to be able to see beauty in a hamburger bun." You might laugh at first, but when you think about it, that's got to be right.

Beautiful companies value individuals—both customers and employees. These organizations are transparent and collaborative and respect relationships as the bedrock of all good businesses. Their structure is more a network than a top-down hierarchy. In these companies, fairness is a given; they value what's ethical above what's expedient. [Hefferman02]

"All happy families resemble one other," wrote Tolstoy in *Anna Karenina*, "but each unhappy family is unhappy in its own way." We have uncovered commonalities of beautiful companies in a series of interviews where the first question we ask is, "Do you have a beautiful company?" The rest of the interview reveals what that means to the person being interviewed and the result is a collection of common solutions to the problems of running a small business.

Arie de Geus [deGeus97] states that there are two kinds of companies. The first he calls an economic company, run for purely economic purposes. People are treated as assets and the goal is to produce maximum results with minimum resources. The economic company is a corporate machine whose purpose is the production of wealth for a small group of managers and investors and feels no responsibility to the membership as a whole. In the second kind of company, return on investment is important but must complement to the optimization of people. To produce profitability and longevity, care is taken to build a community: defining membership, establishing common values, recruiting people, developing their capabilities, assessing their potential, living up to a human contract, managing relationships with outsiders and contractors, and establishing policies for exiting the company gracefully. The values of the company coexist with the values of

the individuals within the company and every member is aware of this coexistence. De Geus calls this organization a “Living Company.” Our preference is for “Beautiful Company.”

Ten-year-old Lilah Polewka has a mouse-breeding venture that each month sells dozens of fancy mice to local pet stores. Lilah was honored as the Junior Achievement Entrepreneur of the Year for 2002. Her advice to other entrepreneurs: Have fun and stay with the business. Enjoy it and learn. [Jr02] We salute that!

All human beings are basically entrepreneurs. People want to solve problems, take on challenges, discover their talents. [Carbonara97] In other words, we like to think about what’s possible and fostering an access to the entrepreneurial spirit.

In the beginning of our entrepreneurial journey, we brought all the books and learned to want more of the same kind of thing. The books set up a one-way conversation. They say, “Look what we did at Lucent, or IBM, or GE, or HP. But this information can be daunting and it doesn’t always apply. The intention of our book is to reach entrepreneurs of small or mid-size companies in the early stages of developing their businesses who have been left out of the existing literature.

Although we believe that many of the patterns could be applied to any business, our experience is mostly with small companies. As a result, we don’t directly address issues with stockholders, for instance, or other concerns that small business owners usually don’t face.

While profitability and success are of concern to any business, we don’t address these issues directly, either. We believe that regardless of the product, regardless of the domain, regardless of the success criteria held by the entrepreneur, these patterns are key to reaching the desired goals. In a way, profitability and product success come for free if the patterns are followed.

Usually most people believe that their problems are unique, but what we find is a tremendous commonality among the challenges that small business entrepreneurs face. The exact product or widget doesn’t make the difference. The common denominator is people.

Experienced patterns writers, Linda Rising and Daniel May, have teamed with Caroline King and Steve Sanchez, business coaches, to capture knowledge about running a successful small

business. Caroline has over 20 years experience as a business consultant for small business owners. Steve has been the owner of Master Marble in Phoenix, Arizona since 1990 and has been involved in business coaching and consulting for over seven years.

Linda met Steve at a Christmas party in 2001. After an extended conversation about patterns and managing companies, they decided to write a book. Soon after that, Steve brought Caroline in to contribute. Steve and Caroline have been learning about patterns and Linda has been learning about small businesses. Daniel has written two pattern collections and has experience with patterns and with beautiful companies. Since he is the only one of the authors not living in Phoenix, he contributes remotely from Denmark.

Acknowledgements

Thanks to our shepherd for PLoP '02, Bruce Whitenack, for his encouragement and valuable suggestions. Thanks to our shepherd for VikingPLoP '02, Klaus Marquardt, for adding an international perspective and helping our patterns grow.

The Structure of the Pattern Language

Beautiful Company. You want your company to be special. Define a Beautiful Purpose. Exercise Beautiful Leadership. Create a Beautiful Environment. Hire Beautiful People. Attract Beautiful Customers and Beautiful Outsiders.

Beautiful Purpose. Chart the direction of your Beautiful Company by defining your purpose—not a product definition—a description of something deeper.

Beautiful Leadership. To grow your Beautiful Company lead from the heart and build soul into the organization. Start by understanding yourself.

It's a Small World. Keep an open mind; look for opportunities to share interests; look for connections.

Know Your Limits. In a small organization, you think you have to know everything but it's important to realize that no one can do everything.

The Right Coach. When you're stuck and don't understand what's holding up progress, find a good business coach.

Beautiful Environment. Create a workspace for your Beautiful Company where people will feel like they're coming home, where they will feel safe and free to grow.

Organizational Integrity. A Beautiful Environment depends on the balance between business reality and preservation of human values. Your company and everyone in it must live by its values.

Beautiful People. To find the right people and use their talents in the best way, find The Right Person for the Job. Appreciate their Diverse Gifts, ensure their Maximum Performance, and don't be afraid of a Graceful Exit.

The Right Person for the Job. To find Beautiful People, let everyone know the kind of person you want. It's a Small World. Trust your instincts and look beyond the resume. Set up an Audition.

Audition. To decide whether to hire The Right Person for the Job, let him work for a short time to see if you have the right fit.

Diverse Gifts. Build your Beautiful Company from the wide variety of Beautiful People who will be your employees using the diverse gifts people bring.

Maximum Performance. To get the best performance out of your people, treat them as volunteers.

Graceful Exit. Organizations are made up of people and people are constantly changing. Set up the expectation that separation is a natural occurrence.

Changing Conversations. When dealing with people whose values seem different from yours, change the conversations you have. Instead of reflecting

back the unpleasantness, create a new intention and let them know you are sincere.

Beautiful Customers. Be authentic and expect your customers to be authentic.

Beautiful Outsiders. Treat those your company will interact with by explaining your intention and living up to it.

Beautiful Company

When you see a beautiful company, the different parts mesh together. There is a sense of balance and peace in the meetings. There is a quiet efficiency in the hallways, offices and rooms. There is a sense of well being and community among workers, management, customers, and partners. There is trust between management and workers and between employees. There is a vitality that arises out of the shared sense of purpose. In an ugly company, there is fear in the troops. Management is harsh and bureaucratic. Workers feel like they are on a death march.
Bruce Whitenack

You're an entrepreneur who has started a small company or perhaps you're part of a small company that's already underway.

You don't want just another company. You want your company to be special. You want your company to be beautiful.

There's a lot of advice for start-ups. The business world is drowning in self-help books. It's difficult to know where to turn. The world is rapidly changing. The rules are being rewritten as fast as we can learn them. The fundamentals are being replaced and the foundations are shifting. Success is being redefined. Even the well intended need guidance. How to begin? How to proceed? When help isn't forthcoming, we follow the old paths by default.

The continual stream of great products and services from highly visionary companies stems from the fact that they are outstanding organizations, not the other way around. All products, services, and great ideas, no matter how visionary, eventually become obsolete, but a visionary company does not necessarily become obsolete, not if it has the organizational ability to continually change and evolve beyond existing product life cycles. [Collins+94]

Therefore:

Define a Beautiful Purpose. Exercise Beautiful Leadership. Create a Beautiful Environment. Hire Beautiful People. Attract Beautiful Customers and Beautiful Outsiders.

In January 2001 I was skiing with friends in Northern Arizona. I fell and seriously injured my knee and had to see an orthopedic surgeon, Dr. Dave. We started off like old friends. He has taken great care of my rehabilitation and me through two knee surgeries. Dr. Dave became a customer, buying granite kitchen countertops for his mountain home. I worked out all the details with his wife and completed the project but Dr. Dave was never able to see the material before we installed. It was 2 months after it was completed before he saw the finished product. I had an appointment with him just as we were submitting the final invoice. When he came into the examination room he said, "I have something for you." He left the room and returned with a check and handed it to me. It was signed but the amount was blank. He said, "I'm not sure of the balance, so you fill it in." When I returned to the office I took the check around to my employees to see their response. They all understood what it said about our beautiful company. Steve Sanchez

Beautiful Purpose

I'm the owner of Master Marble, a natural stone fabrication company in Phoenix, Arizona. I founded the company in the fall of 1990, with two employees. I think of myself as a creative entrepreneur able to make something out of nothing or do a lot with a little, but my real strength is to create a vision, share it with others, and help bring it to life. Steve Sanchez

You realize that there's more to creating a **Beautiful Company** than just creating a product, delivering services, and making money.

How do you chart your direction without a map?

Entrepreneurs get stuck in the details of the company and lose sight of the big picture. It's hard to see what's going wrong. People just keep making the same old meatloaf—maybe they try to make it faster or cheaper, but they still stay inside what they know. They hope for a different new taste but keep using the same ingredients.

Companies need to know what they stand for. They need nonnegotiable, minimum standards. They need to be able to say, "We will not accept work that goes against our standards, because that's not who we are." [Webber02] Nineteenth century philosopher Thomas Carlyle said, "A man lives by believing something, not by debating and arguing about many things." Once you decide to decide, life becomes surprisingly simple. You don't have to think about certain issues or questions again. You simply get on with things and don't waste time and energy rehashing, debating, and arguing the problems and possibilities. [Marriott+97]

It's nontrivial for a company and everyone in it to know "who we are." A little bit easier is to know "who we aren't." When even that knowledge is missing—when there is no basis in the company to say about a given scheme "it just isn't us"—the company clearly lacks vision. Vision implies a visionary. There has to be one person who knows in his bones what's "us" and what isn't. And it can't be faked. Employees can smell an absence of vision the way a dog can smell fear. [DeMarco01]

"To start with, unless we can define a purpose for this organization that we can all believe in, we might as well go home. That's 'purpose' as in, 'We the people of the United States of America, in order to form a more perfect union ...' The purpose has to be an authentic statement of what the organization is about. [Waldrop96]

Therefore:

Define your purpose. This should not just be a product definition—but a description of something deeper.

A beautiful purpose makes you smile when someone asks what your company does. A beautiful purpose lights up, inspires, moves, touches, and creates a feeling of well being, comfort, safety and excitement within the company.

Identifying and capturing your purpose is a difficult task. You will need time for this activity. **The Right Coach** can help. Start by answering the questions:

Who are we as a company?
What is our purpose?
What products/services do we provide?
What do we want to be/become/be known for?
Why are we special?
What are we proud of?
What difference do our products/services make?
What do we care about this?

David Packard posed the following questions: “I want to discuss why a company exists in the first place. In other words, why are we here? I think many people assume, wrongly, that a company exists simply to make money. While this is an important result of a company’s existence, we have to go deeper and find the real reasons for our being.” An effective way to get at purpose is to pose the question, “Why not just shut this organization down, cash out, and sell off the assets?” and to push for an answer that would be valid now and 100 years in the future. [Collins+94]

Don’t just preach these values, institute concrete organizational mechanisms to stimulate change and improvement. [Collins+94] Once your purpose has been identified, when you know your purpose, you’re clear on your goals, now articulate Vision and Mission Statements that bring your purpose to life. Exercise Beautiful Leadership, build a Beautiful Environment, and hire Beautiful People.

Century Roofing, Inc., with over 30 years experience in the Arizona roofing industry, is dedicated to providing the highest quality roof systems at a competitive price, while building lasting relationships based on friendship and trust.

Master Marble Ltd., the industry leader in providing the beauty and durability of natural stone, stands for excellence in customer service, craftsmanship and innovation. As a team we all flourish in a win/win environment.

Ginger L. Price, D.D.S., is a professional and personable dental team committed to providing the most comprehensive quality care in a gentle manner to individuals who value themselves and their health.

One small service business strives to live by these values:

- *Do fabulous work and be known around the world for our innovativeness.*
- *Attract exciting people—more than a few of whom are a little offbeat.*
- *Raise hell, constantly question “the way things are done around here,” and never, ever rest on our laurels. Today’s laurels are tomorrow’s compost.*
- *Make sure that those who leave us, voluntarily or involuntarily, can testify to having learned a lot, having had a special experience, and having made fast friends while they were here. Ye shall be known by your alumni!*
- *Have a collegial supportive, yeasty, zany, laughter-filled environment where folks support one another, and politics is as absent as it can be in a human (i.e., imperfect) enterprise.*
- *Ensure that no question or innuendo ever surfaces about our ethics.*
- *Dot the i’s, cross the t’s, answer the phones promptly, send out errorless invoices, and in general never forget that the devil is in the details.*
- *Work with exciting customers and other partners who turn us on and stretch us, from whom we can learn, and with whom we enjoy associating, and who pay their bills on time, too.*

- *Take in substantially more money than we spend—where spending includes above average compensation and a very high level of investment in the future.*
- *Grow via quality services and customers, not growth for growth's sake.*

Beautiful Leadership

The leader of the company is like the captain of a ship. Even though not everyone on the ship deals directly with the captain, everyone has an eye and ear on the captain. The captain leads by example and sets the tone for the rest of the company. Not all captains are up to it. I've seen captains that organize meetings, maintain the status quo, always seek consensus, stabilize the environment, retain tight control, and remain hidden in the background. But isn't this more like a caretaker or administrator? Surely there must be something more. A captain leads, challenges, and inspires. She shouldn't make dangerous decisions, but if she's not taking risks to push forward, then I don't think she's leading. I think most employees understand that not every decision made will be perfect or correct, but they expect the captain to show leadership.

You're an entrepreneur who wants to build a Beautiful Company. You've defined your Beautiful Purpose.

How can you grow and maintain a challenging and nurturing environment?

I look back at the leaders I admired and they all had hearts as big as houses. It's the heart that is the essence of leadership. Create an atmosphere where healthy interactions have their best chance to happen. You do that in various ways. Maybe you make a cult of quality work or you instill in people the sense that the group is, in some sense, at least, an elite, the best in the world. You get them to think about integrity and all the baggage that word carries. Whatever it is, there has to be something that unifies the group. I think of it as soul. The human creature has built into its firmware a need to be part of a community. People who feel part of a community do better. And in today's sterile modern world, there isn't much community to be had. For most of us, the best chance of a community is at work. So building soul into the organization is really an exercise in community building. The soul you foster in the organization is the seed around which community begins to form. [DeMarco97]

The art of leadership is liberating people to do what is required of them in the most effective and humane way possible. The leader removes obstacles that prevent them from doing their jobs. The true leader enables his followers to realize their full potential. To do this, leaders must be clear about their own beliefs. They must have thought through their assumptions about human nature, the role of the organization, the measurement of performance, and a host of other important issues. Leaders must have the self-confidence to encourage contrary opinions, an important source of vitality. The true leader is a listener. The leader listens to the ideas, needs, aspirations, and wishes of his followers and then, within the context of his well-developed system of beliefs, responds appropriately. That is why the leader must know his own mind. That is why leadership requires ideas. [DePree89]

The first responsibility of a leader is to define reality. The last is to say thank you. In between, the leader must become a servant of his followers and a debtor. That sums up the progress of an artful leader. Leadership is learned over time, a belief, a condition of the heart, much more an art than a set of things to do. [DePree89]

People want to be led. They want to be led with a vision that is consistent with reality and their present view of the culture. When an organization is adrift and suddenly everyone is aware that a hand has taken the helm, the sense of relief is palpable. The fact that people want to be led is what makes leadership possible. [DeMarco01]

There's a terrible defect at the core of our thinking about people and organizations today. There is little or no tolerance for the character-building conversations that pave the way for meaningful change. We're stuck, lost, riveted by the objective domain. That's where our metrics are; that's where we look for solutions. It's the come-on of the consulting industry and the domain of all the books, magazines, and training programs out there. That's why books and magazines that have numbers in their titles sell so well. We'll do anything to avoid facing the basic, underlying questions: How do we make truly difficult choices? The problem is, when you're stuck, you're not likely to make progress by using competence as your tool. Instead, progress requires commitment to two things. First, you need to dedicate yourself to understanding yourself better—in the philosophical sense of understanding what it means to exist as a human being in the world. Second, you need to change your habits of thought: how you think, what you value, how you work, how you connect with people, how you learn, what you expect from life, and how you manage frustration. Changing those habits means changing your way of being intelligent. It means moving from a non-leadership mind to a leadership mind. [LaBarre00]

Therefore:

Lead from the heart and build soul into the organization. Start by understanding yourself.

Make a careful list of all things done to you that you abhorred. Don't do them to others, ever. Make another list of things done for you that you loved. Do them for others, always. [Waldrop96]

Real leadership conveys vision, engenders confidence and encourages striving toward common goals. Leadership is the ability to enroll people in your agenda. Meaningful acts of leadership usually cause people to accept some short-term pain to increase the long-term benefit. We need leaders for this because we all tend to be short-term thinkers. [DeMarco01]

Real leadership needs the following:

- Clear articulation of a direction.
- Frank admission of the short-term pain.
- Follow-up.
- Follow-up.
- Follow-up.

When we're presented with the first of these and none of the others, it's not leadership; it's nothing more than posturing. [DeMarco01] The follow-up, of course, should include a committed action plan that will produce what you want to produce.

Ask for help from everyone you know—It's a Small World. All of the work that lies ahead is easier to accomplish if you Know Your Limits and have The Right Coach.

It's a Small World

It never fails to amaze me how so many opportunities and problems are resolved in a serendipitous fashion. I talk to people about some problems we're facing or what we're doing in our company. Invariably, someone will say, "I know about this" or "Maybe I know someone who may be able to help." It's uncanny how often problems are solved and new ideas, contacts, and opportunities are created in this way. You don't always end up in the place that you thought you would, but you end up learning some valuable things and meeting interesting people—sometimes, new partners and employees in your company. Someone once said that a company is really just a set of conversations; I think there's some truth in that. Daniel May

You're an entrepreneur who wants to create a Beautiful Company. You're trying to practice Beautiful Leadership.

What's the best way to get what you need, acquire new insights, and connections to new people?

Organizations, like all human groups, operate through conversation. [Senge+99]

In the first issue of *Psychology Today*, back in 1967, Stanley Milgram described his "small world" experiment. If you choose any two people in the world at random, how many acquaintances would be needed to create a chain between them? He started from places such as Nebraska and asked subjects to send a folder through the mail to a target person in cities like Boston. The starters had to send the folder to someone they knew on a first-name basis. That person was to send the folder to someone closer, and so on. Incredibly, Milgram reported that it took only five people in six jumps to reach a random stranger. But Milgram's startling conclusion turns out to rest on scanty evidence. The idea of "six degrees of separation" may, in fact, be plain wrong—the academic equivalent of an urban myth. There is some evidence that Milgram might be right in spite of his own research. When we say, "It's a small world," we are not talking about the chances of connection between two people taken at random. We are talking about the chances of meeting a person who can help us meet a goal. Over a lifetime, these chances are high, especially for educated people who travel in similar networks. And when an especially unlikely connection occurs, the world does feel small whether or not scientific evidence supports it. [Kleinfield02]

Therefore:

Keep an open mind; look for opportunities to share interests; look for connections.

The people you meet everyday are the quickest way to get what you want. If you're unemployed, they'll help you find a job. Most jobs are found through friends or personal connections. If you're looking for an employee, personal contacts will help you find the right person.

When you make a connection, maintain it. Don't be shy about making your interests and needs known to friends and acquaintances. They may not have what you need now but if they know what you're looking for, they'll pass your name along or refer you to a useful contact.

We had signed a lease to go into a new building but the tenants below blocked construction—so we had to abandon the project. We had already told our landlord that we were moving, so from

August through November we were without office space. The first thing I did was to call everyone I knew. One friend didn't use her office on Fridays. Another let me work on Tuesday and my partner work on Wednesday and then we both worked at another office on Friday. The patients really got involved. It was a real test. If we hadn't been well established and well connected, patients would have gone somewhere else. I guess it says a lot about who we are and a lot about our friends. [Price02]

Know Your Limits

In the early years I would hang on tooth and nail to every micro management decision and then get all worked up when things went wrong. I couldn't see that I was afraid of not looking good or that something would happen in the company that would not live up to my inner vision. I tried to force everyone to do things my way. I spent more energy making sure they did it my way than on the result. In the product and company I produced, I was scared something would go wrong that would make me look bad, so I got mad at my staff to scare them too! That's how I started. It only took about 10 years to get it. I never said I was smart. Steve Sanchez

You're an entrepreneur who wants to build a Beautiful Company. You're trying to exercise Beautiful Leadership.

In a small organization, you think you have to know everything.

When you're an entrepreneur, you think you know everything already, and you're nervous about letting go. But that's what you have to do to build the company. Some leaders won't understand the day-to-day details of what their people are doing and might worry that their lack of understanding will undermine their ability to manage. Any job has numerous facets. Don't despair. You achieved your position because of your strengths, not in spite of your weaknesses. Those who are successful are honest about what they know, use their skills to their fullest, and actively seek to grow their skills in new directions. Not understanding the details doesn't get in the way if you use your strengths well. [Kruger99]

The hallmark of great leadership is knowing your limits. That's the essence of where I go wrong. I get so convinced of my knowledge that I blind myself to evidence proving that what I seem to know is wrong. [DeMarco97]

If you're too busy hiding your lack of knowledge, you won't feel comfortable asking questions. You'll think you should already know the answers. Let me tell you a secret: no one knows all the answers. No one. Not knowing the answers isn't a sign of weakness—not asking the questions is. Even if you don't understand the answers to your questions, keep asking questions until you get the answers in terms you can understand. Asking questions helps you understand what your staff does on a day-to-day basis. It also enables you to gauge the effort your staff puts into solving a given problem. Finally, asking questions causes your staff to question their own assumptions—and that helps them improve their own work. [Hendrickson02]

Embrace the fact that there is an entire body of knowledge that you don't know. You might have looked at not knowing something as a weakness or that something is wrong. Two sides of the same coin. Acknowledging that you are keeping an "open mind" gives you a sense of freedom and power. Exactly the opposite of how you feel when you don't know the answer.

It is inefficient to make up for the "imperfections" of others by working harder or longer hours yourself. By doing so, you may increase your output by 25-30% over a limited period. You might gain 1/3 of a man-year. If you create the conditions under which 10 people will each produce 10% more you will have gained one full man-year. [deGeus97]

Therefore:

Know your limits. No one can do everything.

The first thing to do is admit what you don't know. Misrepresenting your skills to your staff will always backfire. Learn something about the work your people do. You don't need to become so proficient that you could take over for any one of them. You just need to understand the ins and outs of the job well enough that you can anticipate what your people need and understand the importance of what they're saying. If you're unsure about where to start learning, ask your people. Not knowing where to put the semicolons isn't a big deal. Knowing how to lead people, now that's a big deal. [Hendrickson02]

One clue for recognizing limitations: when you're taking too long to decide something. When the issue is well within your expertise, decision-making is faster. Long deliberations usually mean that you lack information. Ask for Help [Manns+02].

By acknowledging the areas where you need help and delegating to an expert you become unlimited. You retain responsibility for the outcome but your limitation does not become a hindrance. You have room to move.

"As smart as Bob is, what I like is that he recognizes his weaknesses. Rather than being too proud to ask for help, he's the opposite. He's confident enough to augment his skills with those of others." [Fishman01]

I rarely have all the answers or knowledge to do everything myself but I believe that if I recognize that I don't know something or can't do it then I can find someone who does and give it away to them. I still hold the responsibility for the result but it creates a kind of unlimitedness for me. It is from this place that I NOW manage my company. Steve Sanchez

Here's something that trips up a lot of entrepreneurs: You can't do it all. I made a list of my strengths and weaknesses to determine where I should devote my energies and whom I should hire to help. [Kurtzig91]

My manager didn't know a macro from a make file, but he knew what the customers needed and how to motivate the developers to give it to them. He helped us understand what the customers needed and improved the relationships between sales and development. [Hendrickson02]

The Right Coach

When I started my business, I worried about being on track in the whole scope of the business. I heard about SCORE, the Service Corps of Retired Executives, a resource partner with the U.S. Small Business Administration. They paired me with a mentor, a great guy who had owned a steel fabrication company. He tried to compare our companies' products but the analysis didn't fit. We were talking about widgets. We worked for 6 months until we both lost interest. A friend introduced me to Caroline. When she came in, she asked for different information. She asked me who I was trying to be and what was working and what wasn't working. We started by transforming me and translating that to the business. She still continues to coach me—even after 7 years. I still have breakthroughs. Now I understand that widgets don't matter. It's the organization, the management, the environment, and most of all, the people that matter. Steve Sanchez

You're an entrepreneur trying to build a Beautiful Company and exercise Beautiful Leadership.

You don't understand what's holding up progress. You are worried about whether you are on the right track.

Mastery is a three-stage process. The first is superficial understanding. (This seems logical enough. I get the idea. Let's give it a try.) The next stage comes when practice is attempted. This can cause stress and apprehension. (I didn't understand the full implication of this. I'm not sure we're up to it.) The third stage causes introspection, personal distress, and, if you are persistent, inner change. (This is not just about the organization; it's about me.) This third stage is difficult because the focus is on you. It is demanding but holds the most promise. When your organization faces a challenge and you're part of it, you're always the part that's easiest to change—as hard as that is! [Pascale+00] Entrepreneurs get stuck in the details of the company and lose sight of the big picture. Their companies experience problems due to their lack of experience and expertise in running a company. They get to a certain point and cannot go beyond it.

A coach is like a mirror. You could dress yourself without a mirror but you'd risk not getting it right. Tiger Woods has several coaches. Michael Jordan said he would leave the game if he lost his coach. Even Pavarotti has an acting coach, a voice coach, a music coach, a language coach, and a personal fitness coach. Pavarotti wears 50-100 pounds of costume, sings for 2 hours, raises his voice to be heard in perfect pitch without amplification by 5,000 people, while acting in a very demanding role, frequently in a language other than his native Italian. Coaching took Luciano Pavarotti from just a good voice to legendary operatic status. A coach enables progress by helping you realize where you are and how you are behaving and then moving you to make new choices.

Therefore:

Find a good business coach.

Ask people at other companies for recommendations. Interview several coaches and find The Right Person for the Job, for you and your business. Set up an Audition: enter into a short-term agreement—6 months to a year, set some strategic goals and see what you accomplish in that time frame.

Master Marble has spawned six entrepreneurs that set up competing businesses. These were not friendly competitors. Of the six, none had coaching, and only one survived. All the other businesses died within 2 years. The lone successful entrepreneur had been with Master Marble a long time and had received coaching while an employee. Steve Sanchez

CK had a client who worked with her for 3-6 months but let her go because he felt he couldn't afford her fee. Six months after she left, he closed his business and went to work for another employer. He didn't fail because of not making profit, he just was not willing to do the things that were needed to make his business a success. Some clients shrink right up, once they leave coaching. Coaching is confrontational – you confront yourself. You have to be willing to leave yourself behind for who you can become. Caroline King

When I started my company, I felt something inside but didn't really follow it. Now I realize that and that's what creates beauty in our company. There's something within us—you have to access that—otherwise you're just doing, doing, doing, and never getting anywhere. The business world is about profit, forcing things, pushing. In the beginning the spiritual side and the business side were separate. Now they are connected. It happened because I got the right coach. First there was a lot of crying, then uncovering integrity and alignment with my greater self. Then there was a lot of cleaning up of my business transactions to include personal integrity and honoring my word. It affects every part of your business. If you take a stand, it's going to affect everything. I also thought about whether I'm doing what I love to do. When you look at the service you're providing, you have to decide whether or not it's what you really love. You're always exploring and always learning and always in transformation. As you find new interests, you need to incorporate them. Coaching can help you do that. [Rike02]

Changing Conversations

I gave a quote to an ongoing client—a general contractor. He presented the contract to his client—the homeowner—and it was accepted. The next day the homeowner called to try to lower the contract amount by demeaning our price. When I remained firm, she was not happy. She wanted to quibble over \$250 in a \$13,000 contract. If she had asked for a reduction in the contract, I would have agreed but not when she was nasty. The mirror operates this way. We can reflect back to an individual what they project or replace it with something else. I chose to reflect back to her the same energy she sent out. I have since reconsidered and gave the general contractor a \$350 concession. I called the homeowner to say, “I want to apologize for being rude the last time we spoke. I also want to set an intention that when we are finished with this project, you will love me, my company, and our product.” I think she was a little taken back but said, “Thank you.” I have had several conversations with her about the project and we are communicating nicely. I gave up having to be right and reflecting rudeness back to the client. I know that my company will provide excellent service on time and on budget with fantastic quality and that this will be the start of an exceptional relationship. Steve Sanchez

You’re trying to build a Beautiful Company and look for Beautiful People and Beautiful Customers and Beautiful Outsiders but it doesn’t always happen.

Sometimes you have to deal with people whose values don’t seem to match yours.

“Inside-out” means to start first with self; even more fundamentally, to start with the most inside part of self—with your paradigms, your character, and your motives. If you want to have a happy marriage, be the kind of person who generates positive energy and sidesteps negative energy rather than empowering it. If you want to have a more pleasant, cooperative teenager, be a more understanding, empathic, consistent, loving parent. If you want to have more freedom, more latitude in your job, be a more responsible, a more helpful, a more contributing employee. If you want to be trusted, be trustworthy. [Covey89]

Therefore:

Change the conversations you have. Instead of reflecting back unpleasantness, create a new intention and let others know you are sincere.

Change your own point of view to see things in a positive light. There is always something good to see in everyone. It isn’t necessary to be in perfect agreement to focus on the good. Our greatest lessons come from those who push us and challenge us and force us to take a different point of view.

You can say, “If a person of your intelligence and competence and commitments disagrees with me, then there must be something to your disagreement that I don’t understand, and I need to understand it. You have a perspective, a frame of reference I need to look at.” When someone disagrees with you, you can say, “Good! You see it differently.” You don’t have to agree with them; you can simply affirm them. And you can seek to understand. [Covey89]

You can’t win them all. Sometimes the best solution is to let the person in the mirror take himself out.

When someone comes along who isn't so nice—they just take themselves out. We had one patient who didn't like women. I don't know why he chose a dentist that was a woman. You think that if you're nice then they'll be nice but they just get nastier and nastier. I explained that dentistry wasn't his area of expertise and that I knew more than he did. We did one procedure on him and he never came back. [Price02]

At patterns conferences, we have writers' workshops, where small groups of people consider papers. We follow a strict process in the workshop and, over time, I've come to see the wisdom in it. After the introduction, the first step is to identify things you like about the paper. There have been times when I have read through some very poor papers and had a real struggle finding something to bring up at this point in the workshop. When I offer a meager positive comment, I am always surprised to hear what others have to say. They always see something good that I missed but that I agree with and, further, that causes me to see something else that's good about the work. Since everyone in the workshop has this experience, the positive comments take on a life of their own and grow to easily fill the space allowed for this step. Even though this is the rule, I'm always astonished and pleased to see this happen. Linda Rising

My whole family worked for the company but I had just forced my brother out. We didn't see eye-to-eye. It wasn't working. I told him he couldn't be in sales—he could be in manufacturing if he wanted and stay with the company. He wouldn't have it and left. He was the top salesman in the company. I really didn't know what would happen when he left. He gave them deals they couldn't refuse. He was cutting prices. I worried that the company would go bankrupt. I was struggling to make sense of the contracts he left behind. The phone rang and I snapped a nasty "Hello!" It was Caroline. I'm afraid I was very short and, OK, I was nasty! Didn't she know that I was overwhelmed? What she told me brought me around. She said that if I saw myself as overwhelmed and things as hopeless, well, that's what they would be. She suggested that I say "I'm challenged but I can handle it." It made a difference. If you want a better meatloaf, you've got to change the ingredients. Steve Sanchez

Beautiful Environment

In a consulting firm, you're often at the client site, feeling exposed, wondering whether you're the target or the ammunition. I always enjoyed returning to the office, seeing familiar faces. I knew that I could relax with a drink in the conference room and catch up with the war stories from other people, or talk to them about a tough technical problem or difficult client. Our cubicles had whiteboards so we could express ourselves with diagrams (as consultants do!) and the open office space let you see who was in. We had a library where you could find references, or hide with someone to talk about something confidential. It was certainly more than just a working environment or an office; it was a place and collection of people that I looked forward to seeing. Every time I walked through the door, I'd be thinking: what's up today? And it was always a bit exciting. Daniel May

You're an entrepreneur who wants to build a Beautiful Company. You've defined a Beautiful Purpose, started to exercise Beautiful Leadership, and are ready to start hiring.

How can you attract and keep Beautiful People, Beautiful Customers, and Beautiful Outsiders?

Make sure that the work environment is conducive to solving the problem. [Rothman01] The environment should enable and empower people to do their best. The environment should encourage a rising level of knowledge about corporate life: literacy about business, the competition, relationships, and ownership. The environment must encourage lavish communication. The environment should be a place of realized potential. It should be a "high touch" place, a place where we connect persons to each other and to technology in an effective and human way. [DePree89]

Therefore:

Create a space where people will feel like they're coming home, where they will feel safe and free to grow.

The quality of the environment will be determined by Organizational Integrity.

We try to make work more fun: after-hours outings to baseball games and bowling alleys, a basketball tournament, and floorwide "super loader" contests. We know that these are monotonous jobs. We want to make it less mechanical and more social. People don't want to feel like robots. And if they're happy, they'll take the missorts seriously. They'll treat other people right, and the quality will go up. Because, hey, they know that guy -- they played volleyball with him. [Hammonds02]

In dentistry, people are afraid. What our patients tell us is that when they come into our office, the environment makes them feel good. This is a "Cheers" kind of place—where everybody knows your name. We try to build relationships with our patients. It starts in the front office. The first time we do a procedure on a patient, the team goes the extra mile to make that person comfortable. We customize things to take the edge off. [Price02]

Organizational Integrity

A small computer software company developed some software that they sold in a 5-year contract to a bank. The bank president was excited about it, but his people weren't really behind it. A month later a new president took over. He was uncomfortable with the software conversion. The software company was in deep financial trouble. The president of the software company knew he had every legal right to enforce the contract but he had become convinced of the value of integrity. He told the bank president, "We have a contract. Your bank has secured our products and services to convert your organization to the new application but we understand that you're not happy with it. We will give you back the contract and your deposit. If you are ever looking for a software solution in the future, come back and see us." Walking away from this contract was almost financial suicide (loss of an \$84,000 contract) but the president of the software company felt that in the long run, if the principle held, it would have a payback. Three months later, the bank president called and said, "I'm going to make some changes in our data processing system, and I want to do business with you." He signed a contract for \$240,000. [Covey89]

How do we cope with business reality and still preserve human values?

The professional learns how to diagnose, how to understand. He also learns how to relate people's needs to his products and services, and he has to have the integrity to say, "My product or service will not meet that need," if it will not. This requires a purpose, a clear sense of direction and value, a burning "Yes!" inside that makes it possible to say "No," to other things. It also requires independent will, the power to do something when you don't want to do it, to be a function of your values rather than a function of the impulse or desire of any given moment. It's the power to act with integrity. [Covey89]

When times are tough, integrity matters most. Four in five employees say their organization's integrity is an important reason to stay. Misconduct drops and satisfaction rises when leaders model by ethical behavior. [Bentley]

By "alignment" we mean simply that all the elements of a company work together within the context of the company's purpose. Research shows that individuals pick up on all the signals in their work environment as cues for how they should behave. People remember stories not so much about grand heroics, but about little things. People want to believe in their company's vision, but will be ever watchful for the tiny inconsistencies that allow them to say, "Aha! See! I knew management was just blowing smoke. They don't really believe their own rhetoric." [Collins+94]

Therefore:

Your company and everyone in it must live by its values.

People are either committed to integrity or they're not. When employees practice integrity in their personal life, they will most likely perform with integrity at their job. However, even with the best intentions, sometimes the integrity goes "out" of our business or personal life. We take our attention off the details, we "go for the goodies"—a big contract, a shortcut that isn't exactly above board—and our integrity slips. If we are committed to keeping our integrity, we make the correction as soon as we see that it has slipped out. Even when a company has integrity—high quality products, good value for the price, excellent customer service, taking care of it's

employees, paying all taxes and licensing fees—keeping that integrity is an on-going process across the board, and from the top—president, CEO—to the bottom—mail room or janitor.

When coaching begins at a company, any lack of organizational integrity naturally surfaces. You begin to separate the chaff from the wheat—those committed to integrity, and those committed to something else—making a fast buck, sloughing off, shuffling papers, and collecting a paycheck. The Right Coach can help you find out what's working and what's not, and who's working and who's not. When people lacking integrity see that they will be uncovered, they usually quit before they get fired, because they know about their lack of integrity before you discover it.

Organization integrity produces the following results:

- The company reputation attracts, recruits, and retains the best leaders.
- The company strengthens its purpose and brings out the best in its leaders.
- The company promotes and benefits from responsible, accountable decision-making throughout its culture.
- Company citizenship is enhanced while compliance risks are reduced.
- The company has substantially higher levels of customer loyalty.

A team at one company decided at a “visioning” meeting that their values should include “functioning with integrity.” Someone asked, “Does ‘integrity’ apply to us alone or does it include customers?” “Of course, we’re not going to be honest with our customers,” said another. They looked at each other in silence. In their industry, vendors routinely promised customers delivery dates they knew they could not meet. The team began a three-hour dialogue without a break. When it ended they concluded, “If we’re putting up integrity as a value, we need integrity in all aspects of our business.” Current reality, however, presented them with a dilemma: if they changed immediately, they would be unable to match their competitors’ delivery promises, and they’d be out of business. So they developed a strategic migration plan. They visited key customers and said, “This industry is based on exchanges of false promises. You know it. We know it. Nobody likes it, but we all feel stuck with it. We would like to change that. We would like to start by being honest with you.” Thenceforth, every delivery date they offered those customers was realistic—and honored. Within a year, their business was growing exponentially and their profits skyrocketed. [Senge+94]

Shared ideals, shared ideas, shared goals, shared respect, a sense of integrity, a sense of quality, a sense of advocacy, a sense of caring—these are the basis of Herman Miller’s covenant and value system. [DePree89]

The key to beauty is mastery. You can’t skip levels. There’s an entry level and each level is a pre-requisite for the next. If you think you can skip a level, it will come back to haunt you. You can fake integrity but it will come back to haunt you. You won’t make it. You can’t go on to the next step until you’ve mastered the current one. [Rike02]

Beautiful People

If I had to say what it is about our company that makes it beautiful I would have to say that it's fairness. It's the way we treat people in this company. We have a high respect for the individuals in it. It happens all the time—a contractor or a vendor will take odds with a price or schedule and I'm drawn into it. I always defend my people first. I'm not interested in winning and the other side losing but I never want my own people to lose—even if they're wrong. [Rike02]

You're an entrepreneur who wants to build a **Beautiful Company**. You've defined a **Beautiful Purpose**, started to exercise **Beautiful Leadership**, and established a **Beautiful Environment**. You want to hire people with a passion for what they do, because you know that people are your most important asset.

You know the right people are out there but you don't know how to find them and you're not sure of the best way to use their talents. Many companies treat their employees as "heads." You know that's not what you want to do.

Business isn't about shuffling numbers or rearranging organizational charts or tallying the latest business school formulas. It's about people. [Brown85] Whereas a management curriculum has no place for human beings, the workplace is full of them. [deGeus97]

Healthy companies keep their people. I have an uneasy sense that many managers think this means keeping their stars happy. But it's not only the stars that matter. Everybody matters. Each time someone quits on his own schedule, the organization suffers the loss. [DeMarco01]

The Golden Rule says to "Do unto others as you would have others do unto you." While on the surface that could mean to do for them what you would like to have done for you, I think the essential meaning is to understand them deeply as individuals, the way you would want to be understood, and then to treat them in terms of that understanding. As one successful parent said about raising children, "Treat them all the same by treating them differently." [Covey89]

Hire and promote first on the basis of integrity; second, motivation; third, capacity; fourth, understanding; fifth, knowledge; and last and least, experience. Without integrity, motivation is dangerous; without motivation, capacity is impotent; without capacity, understanding is limited; without understanding, knowledge is meaningless; without knowledge, experience is blind. Experience is easy to provide and quickly put to good use by people with all the other qualities. [Waldrop96]

Therefore:

Find The Right Person for the Job. Take advantage of their Diverse Gifts. Make sure that you and your employees are prepared for a Graceful Exit.

The people you groom and train in your business stand on your shoulders. They will be more creative and more productive and more successful because they learn from you and add their own creative juices. This is markedly different from those who look for people to control. Instead, look for people you can partner with—people you can "dance" with.

Encourage camaraderie and team spirit. Let your employees know that you are behind them. As a result, your employees will be their best selves.

If I had to predict the success or failure of a company, I'd rather meet its people than look at its product. The right team can determine whether the product is right or not. They'll know to ask their customers. They'll know to ask each other. They'll know how and when to make the difficult decisions and move on. A business doesn't have to win every game to be the leader. It just has to win more games than its competitors. And the more games won, the easier it is to attract others to the team. When you're in business with the right people, success breeds success. [Kurtzig91]

A potential client and his general contractor came to our plant. We went over their blue prints and specification for a large custom home. During their visit several of our staff came by. Our receptionist came in to give us information and make copies. Our production coordinator gave the visitors a virtual tour of the production schedule and explained how we do things. As the visitors were leaving, I introduced them to my dad, who has been with the company almost from the beginning. As we were walking out together, the general contractor turned to me and said, "You know, everybody here is so nice." It took a moment before I realized what a wonderful compliment he had paid my company. Steve Sanchez

The people at Herman Miller have become my second family. [DePree89]

Why would I say we have a Beautiful Company? The thing that sets us apart is the way people are treated—we respect our employees and our clients. That's really the biggest thing—respect—it's about the Golden Rule—how you want to be treated. We don't treat some better than others. [Price02]

HP was a great company to work for. They were among the best—back then as now. They've managed to keep their entrepreneurial edge—even as they grew—by encouraging initiative and invention and by making their people feel part of the product development process. More important, HP made their people feel like part of a family. [Kurtzig91]

The Right Person for the Job

Word of mouth is a powerful thing. The people who seemed to work out best with our company were those who were recommended by existing employees or close associates of the company. Because they knew about the needs of our company, they acted as a reputation filter for potential employees. It was in their interest to make sure that these people have a good fit—after all, they don't want to come off as passing off bad people to you! These potential employees also judge you from what they hear about you out there in the marketplace; your good reputation will attract and your bad reputation will repel. People talk.

You're an entrepreneur who wants to hire Beautiful People. You have a clear idea of the person you want.

You know the right person is out there but you don't know how to find him.

Word of mouth is still the most important form of human communication. Many advertising executives believe that because of the tremendous marketing efforts these days, word-of-mouth has become the only kind of persuasion most of us respond to anymore. One study showed that most job connections are made through acquaintances or weak ties, not close friends. Masters of the weak tie understand what word of mouth is. It's not me telling you about something and your telling a friend and that friend telling a friend. Word of mouth begins when somewhere along that chain, someone tells a Connector. [Gladwell100]

Resumes are the wrong way to hire. They cause both those who apply and those who hire to focus on the wrong things like degrees and certifications and number of years of experience. Hiring ought to be based on knowledge and experiences, on dreams and passions, on courage and curiosity; in other words, on things that can't be quantified and set forth on a piece of paper. [Dauten02b]

Therefore:

Advertise—but not in the usual channels. Remember, It's a Small World. Let everyone know the kind of person you want. When you finally meet a potential candidate, listen to your guts.

Don't go through the haystack looking for another needle. Become a magnet to draw the needle to you. Have a clear image of the person you want, so you'll be able to describe him to others. Imagine you had a magic wand and could instantly create the person you wanted. Articulate these things in your description so everyone can understand what you're talking about. When you are clear about what you want and what you can offer, you have a better chance of meeting the potential employee's expectations. If the new employee's expectations don't match reality, he'll quickly bail out. Focus on good communication before and after the interview.

When you finally meet a potential candidate, listen to your guts. Give some credibility to your intuition. The interviewee who makes you say, "Aha!" is the one for the job. This person may not be the best qualified on paper or have the most impressive credentials.

Prepare potential employees for their departure. No one stays with a company forever. When someone leaves, especially valuable contributors, we worry about how we will get along without

them. Start that conversation when they come in. Tell them not to be concerned about moving on. If you think of your small company as an environment for growth, then when they've outgrown that, they can move up in your company or they can leave perhaps to create their own companies. It provides a lot of freedom when people know that whatever happens, if they outgrow their jobs, that's OK. As people grow they're ready for a bigger challenge and if your company doesn't have that challenge that's OK.

Ask the potential employee to agree to consider only a Graceful Exit should the time come. Ask them to describe a Graceful Exit. Some of the components might be: not leave in a huff, training their replacement, or even finding a new employee. This changes the context for the exit to one of leaving on the best possible terms. Leaving everything complete, perhaps co-creating a referral for the next job.

This approach removes the fear. The company doesn't feel they own anyone and isn't afraid when the employee thinks of leaving. The employee isn't afraid to considering leaving and the experience is complete.

How do I attract beautiful people? People come to me. I never run an ad. I pray and then just talk to everyone. I have a picture in my head of the person I want. The old Jim would want to do the elaborate interview thing but the new Jim would want to ask a few appropriate questions and then take it to a quiet place and trust his intuition. [Rike02]

It isn't about hiring the person with the best credentials it's more about the attitude of that person. You could overlook a lot of things but not attitude. We have a technical person who has a lot of technical knowledge but it goes by the way when they deal with the customer. All the technical skill in the world won't help if attitude turns off a customer. Steve Sanchez

Intention. You "intend" to have the perfect staff show up. I feel there is something you have inside that makes it happen. Somehow there's a mutual attraction when you both have needs and you meet the needs of the other. Even when you hire someone you have reservations about they just hold the spot until the right person comes along. [Price02]

At Master Marble we're searching for the perfect receptionist. In the past we used the "meatloaf" approach. This was our recipe for "meatloaf receptionist."

- *Send job description to personnel staffing company with more detail than the last—necessary because we didn't get the person we wanted last time.*
- *Write clever ad for classifieds. Use current buzz words.*
- *Conduct numerous multi level interviews with every conceivable person on staff and some from other companies.*
- *Hire the person with the best match of their buzzwords to our buzzwords.*
- *Cook in the Master Marble oven for 4-6 months at medium stress. Vuwella! Meatloaf!*
- *Reconsider, reload, and repeat once a year for ten years or until sick of the loaf.*

We have noticed something. We are tired of meatloaf. This time we are creating a new dish. Keep the job description, the clever ad with buzzwords, and add a magic wand, "If you could have anything you wanted in that position what would it be?" The person would:

- *Have the attitude that anything is possible.*
- *Be resourceful.*
- *Be flexible.*

- *Work well with our clients.*
- *Have a good sense of humor. Have them tell a joke during the interview?*
- *Get something personal from what they are doing.*
- *Of course, have all the other stuff, job history, accomplishments, blah, blah, blah.*

How do we find out if the interviewee has these qualities? Ask them on the spot for examples and to provide someone to corroborate the information. Get the answers in a fun way. We can't keep making meatloaf from the same old ingredients—wanting different outcomes but not willing to change the way we do things. Steve Sanchez

Audition

It's hard to catch everything about a person in an interview. There are so many courses, mentors, and books that can train you to ace an interview. It's like testing something in a lab: it might work in an artificially constrained environment, but the real world is much more volatile and unpredictable, so you'd better test it there too. You see a lot from a person when they're working, in the little things they say and how they respond to problems. Do they rub everyone the wrong way? Do they understand what the company's really about? Maybe the new employee just doesn't feel like it's working out for him. Neither of you can see all of this in an interview. We always had a one-month probationary period for our new employees during which they could be asked to leave. And people were asked to leave. Daniel May

It's hard to tell in an interview whether the person you hire will work out.

What's the hardest job in management? People. Getting the right people for the right job. That's what makes the difference between a good manager and a drone. Get the right people. Then, no matter what all else you may do wrong after that, the people will save you. That's what management is all about. People selection, task matching, motivation, team formation—the four most essential ingredients of management. All the rest is Administrivia. [DeMarco97]

Therefore:

When you decide to hire someone, let him work for a short time to see if you have the right fit.

You'll learn about the new hire and he will learn about you. The time frame and the tasks depend on the position. Sometimes a day is enough; sometimes it takes several months.

Consulting Co was a boutique consulting company that only hired senior consultants (8+ years experience). In partnership with universities, it created a one-year internship program for high-performing graduates. These graduates would combine their intellectual capability with real-life senior experience during this year, after which they would return to complete further studies. Over the course of this year, Consulting Co put itself into the position of intimately knowing these graduates, so that they could occasionally draw on their expertise for consultancy assignments or employment. Daniel May

Master Marble hires individuals and lets them work in the shop for a day to determine their skills. The shop foreman reviews their performance. Steve Sanchez

I was a consultant for a small software company where new hires were given a mentor and a task and a few months to evaluate the fit. This provided the employee a chance to evaluate the company and the company and the rest of the team a chance to evaluate the programmer's skills. Linda Rising

Diverse Gifts

During an interview, I like to ask prospective employees what is the "gift" they bring? Who are they going to be? I share my vision of a Beautiful Company and ask, "How will you contribute?" This is a real tool! I think it gives a person a moment to consider what he's up to, and perhaps bring up something that would not have otherwise come up. Steve Sanchez

You're trying to hire Beautiful People.

How can you successfully build a Beautiful Company from the wide variety of Beautiful People who will be your employees?

Everyone comes with certain gifts, but not the same gifts. True participation and enlightened leadership allow these gifts to be expressed in different ways and at different times. [DePree89]

In a living company, cohesion and diversity exist together. The company is clearly a unit, with a single identity; but the people and substructures within that unit show a rich variety. The substructures do not need to be uniform for the whole to keep together. On the contrary, there is value in diversity. It is the manager's duty to that organization to find the employee's strong points and help bring the most out of that employee. [deGeus97]

Therefore:

Understand and build on the diverse gifts people bring to your organization.

This enables you to think in a new way about the strengths of others. Not just "expert" others—world-class designers and people with university degrees—but all your employees. Understanding and accepting diversity means that everyone feels needed and accepted. Recognizing diversity helps connect the great variety of gifts that people bring to the work and service of the organization. Diversity allows us all to contribute in a special way, to make our special gifts part of the corporate effort. [DePree89]

Recognizing diversity helps us to understand the need we have for opportunity, equity, and identity in the workplace. Recognizing diversity gives us the chance to provide meaning, fulfillment, and purpose. These must not be relegated solely to private life any more than such things as love, beauty, and joy. [DePree89]

Make sure that these diverse gifts are involved in your company from the beginning. If you wait too long, they may become integrated into your organizational culture and you'll find they'll start thinking more and more like everyone else.

My father was the founder of Herman Miller. In the furniture industry of the 1920s, the machines of most factories were run by pulleys from a central drive shaft, which was powered by a steam engine. The boiler for the steam engine was fueled by sawdust and other waste from the machine room—a beautiful cycle. The millwright oversaw that cycle. He was a key person. One day the millwright died. My father, a young manager at the time, thought he should visit the family. The widow asked my father if it would be all right if she read aloud some poetry. Naturally he agreed. She went into another room and came back with a bound book and for several minutes read selected pieces of beautiful poetry. When she finished, my father said how beautiful the poetry

was and asked who wrote it. She replied that her husband, the millwright, was the poet. I learned from that that it is fundamental that leaders endorse a concept of persons. This begins with an understanding of the diversity of people's gifts and talents and skill. [DePree89]

Maximum Performance

You're trying to build a Beautiful Company by hiring Beautiful People.

How do you get the best performance out of your people?

Control is an illusion. People never "do as they're told." People get paid so they're willing to give some control to the boss but they don't give up all control. You can't pay them enough for that. Many managers assume they have all the control—that it's their job to control everything. Sometimes it's hard to see otherwise. To manage the kind of person who forms the heart and soul of effective organizations, you have to give up control to keep control. You have to use your authority so sparingly that no one notices that it's being used. You have to create a real sense that control is not completely centralized but spread generously over the organization. Like a gifted helmsman, who knows that all use of the rudder increases drag and holds the vessel back, you have to steer with the lightest possible touch. The slack that you cut for your employees is essential to a healthy organization. [DeMarco01]

The best people working for you are like volunteers. Since they could probably find good jobs elsewhere, they choose to work for reasons less tangible than salary or position. [DePree89] As a manager you have to work with people as you find them. Your role is to create the conditions in which they will voluntarily give their best. [deGeus97]

Management is based on attaining predetermined objectives with and through the voluntary cooperation and effort of other people. Too many managers fall into the trap of believing that their employees are there to serve them, when in reality employees want to fulfill their own needs. We must communicate to our employees that we do not want slaves. Rather, we want to work together in a mutual relationship designed so that each and everyone involved can fulfill his or her own needs. Effective leadership requires that your people cooperate voluntarily, not as a result of manipulative action on your part. [Brown85]

Therefore:

Treat employees as volunteers just as you treat customers as volunteers, because that's what they are. They volunteer the best part—their hearts and minds. [Covey89]

Like respect and trust, view performance as something that you have to earn. Start by giving control away. Allow your employees to chart their course, while riding alongside to offer support and reassurance when needed. The shared purpose and culture that binds the company together will encourage your employees to perform, driven from within.

Namaste

I remember when Mark joined our company: he was diffident, untidy, and didn't dress very well. He had some physical problems that sapped his confidence and this was his first job. But he was technically very good. We helped him find a doctor to sort out some of his physical problems, mentored him in how to work on projects, and how to dress and act professionally. It's a big step from his first day at work to the young professional in our office. In some companies, he would have been told off, perhaps in a kindly fashion, and instructed to conform to a certain standard. There's a difference between telling someone they're not up to standard and bringing out the best in someone. You want to draw someone out, encourage him to come up to standard, and then watch him go right past it. Daniel May

You're trying to build a Beautiful Company and keep the Beautiful People you've hired.

Sometimes people are in disguise—their talents are hidden, even from themselves.

The more we can see people in terms of their unseen potential; the more we can use our imagination rather than our memory when interacting with them. We can refuse to label them—we can see them in new fresh ways when we're with them. We can help them become independent, fulfilled people capable of deeply satisfying, enriching, and productive relationships with others. Goethe taught, "Treat a man as he is and he will remain as he is. Treat a man as he can and should be and he will become as he can and should be." [Covey89]

My experience with people is that they generally do what you expect them to do! If you expect them to perform well, they will; conversely, if you expect them to perform poorly, they'll probably oblige. I believe that average employees who try their hardest to live up to your high expectations of them will do better than above-average people with low self-esteem. Motivate your people to draw on that untapped 90% of their ability, and their level of performance will soar! [Brown85]

If you want to be a leader, you must realize that a manager is not God. A manager does not create people in his own image. As a manager you take people as they come, the way God created them, and you learn to work with them. [deGeus97]

In much of the world today, people do not shake hands when they meet. For Hindus, the greeting of choice is "Namaste," with the hands pressed together, near the heart with the head bowed. Namaste bespeaks the inner valuing of the sacredness of all. It betokens our intuition that all souls are divine in their essence. It says, "The God in me salutes the God in you. I acknowledge the holiness of even this mundane meeting." [Hindu]

Therefore:

Help your employees discover how good they really are.

In each person is a range of personae. How you treat them will determine which of these personae you see—and whether you bring out the best or the worst in that person.

Every religion emphasizes human improvement, love, respect for others, sharing other people's suffering. On these lines every religion had more or less the same viewpoint and the same goal.
The Dalai Lama

Graceful Exit

The controller of a company made a financial error in the company's books. The owner of the company was very angry and exploded at the controller but then forgot the incident. After this, the controller felt the owner no longer trusted her and decided to quit her job. She turned in her resignation, but did not discuss her decision with her employer. At this point, I was having a coaching session with the owner, who was surprised and dismayed with the controller's decision to leave the company; but hadn't talked to her about it. I brought all parties together and encouraged them to talk about the incident. That allowed them to express their concerns. The controller was reminded of how her father had treated her when she made a mistake—he withheld his love, but never talked about it. She had decided that it was easier to leave (home) than to talk about it. The owner was not aware of treating her differently after the incident. He knew that he hadn't told her that he forgave her for the mistake and when he did, she withdrew her resignation and stayed with the company. Until coaching allowed this incident to be discussed, the owner did not realize that his reaction to the mistake had made such an impact on the controller, so she felt she had to leave because she thought he was disappointed in her performance. The controller didn't know that the owner had forgiven her and he never would have communicated without the coaching, because he felt it was "no big deal", since "everyone makes mistakes." Caroline King

You're building a Beautiful Company and hiring Beautiful People.

Organizations are made up of people and people are constantly changing.

Working with employees is like dancing with them. When they decide to leave, we both know it. That's when I sit down and talk to them about it. Some employees decide to change their behavior after I called the game, and others decide to leave. [Price02]

Failures in the employee relationship occur not because the image in the initial interview was wrong or the interviewee was faking it but because some life circumstance changed: marriage, falling in love, family problems. As a result, the focus goes away from the job and the employee relationship is changed.

My father was a doctor. He had employees that had been with him forever. I think sometimes you need to let them go. He had a lot of loyalty but sometimes they abuse it. The people you have in your company are a reflection of what's in your head. They unconsciously know when things are changing and will decide on their own not to move with you. Last year I went to San Francisco to get cosmetic training, and when I came back I discovered that some of the staff were thinking of leaving—they couldn't move with the changes. [Price02]

When you first start using The Right Coach, you begin to define your company as founded on integrity. Some employees can't align with the integrity and they have to leave. If they don't it's only a matter of time before they are asked to leave.

Beauty is in the eye of the beholder. For a company to be beautiful, it must be seen that way by everyone in the organization. Over time, the goals of individuals in the company and the goals of the organization will shift and when there is a mis-alignment, the beauty goes away.

Therefore:

Carefully examine the reason for the mis-alignment. The intent is not to find out who is wrong but to learn from the experience.

The Right Coach should help uncover the problem and where the breakdown occurred. Most issues can be resolved if the employer and employee are willing to talk openly about what happened to the relationship, which must have been good or the employee would not have been hired in the first place. Try to discover what happened, where the problem began. Is there a misunderstanding, a withholding, an undelivered communication, an unfulfilled expectation? Is there out integrity on the part of the employee or did the employer promise something that was not delivered? Are there hurt feelings, or does one person feel the other one doesn't care anymore? These questions must be answered before you consider firing a beautiful employee.

Sometimes it is necessary to end a relationship, but only when both parties are clear that it is for the best for all concerned. If the relationship with the employee is built on trust, the exit should not be painful. No bridges should be burned and a win-win situation should result.

When a company finds The Right Person for the Job, the employment partnership begins with the Graceful Exit already in place. This transforms the entire context of the relationship. It is a promise between both parties that establishes the level of integrity for the time when it is usually at its lowest. Defining high integrity for the exit means an even higher level during the course of the relationship.

One employee was moody and acting out little dramas. She was playing a game. It would go on and gain momentum unless I “call it.” If you let one kid stay up late, then they all want to do it! I say that I “call the game”—we’re both playing a game and we need to talk. I asked her if she was aware of what her behavior was saying and I told her that I needed to have things be different. I suggested we meet again in two weeks. She came in ten days later and quit. [Price02]

Beautiful Customers

One of my clients is a general contractor who builds multi-million dollar homes. We don't bid his jobs. We negotiate them. He comes up with a budget and then we figure out how we can do what he wants within his budget. There is no process where the lowest bid is taken. Steve Sanchez

You're building a Beautiful Company. You have a Beautiful Purpose and are trying to exercise Beautiful Leadership. You've hired Beautiful People.

How do you get beautiful customers?

In business, you want a vendor you can forget about—where you don't have to follow up and you know the specs are going to be right. We want customers to feel that way about us, who light us up, are fun to do business with, stretch us and make us grow, pay their bills on time, and we're proud to be associated with.

Therefore:

Be authentic and expect your customers to be authentic.

How do you do that? Make a promise that is a powerful statement, for example, I tell new clients: once you make a contract, you can forget about the rest. We will take care of all the details. Then we live up to it. This generates the relationship that creates beautiful customers. Even if you make a mistake—when the trust is high—they just say, “OK, you made a mistake.” They know we will never stop until they are satisfied. I've never left a client swinging in the wind. Steve Sanchez

It happens all the time in my office. People will say, “I was afraid and (the biggest thing is the painless shot) now I feel OK.” People write notes. I've saved them over the past twenty years. I call this huge notebook my “Office thank you.” [Price02]

Beautiful Outsiders

Our vendors are all personal friends. They're almost more important than our patients. Kevin has been our equipment guy for 15-16 years. We buy all our supplies from him. He repairs all our equipment. We have total trust. I don't have to shop prices. I don't have to check his invoice. I don't like to do business with people I don't like—when I don't trust their integrity. I make sure they really like me and I really like them. I pay their bills on time. I take care of them and their families. No matter what, we take care of each other. We can resolve any issue. [Price02]

You're building a Beautiful Company. You've defined a Beautiful Purpose and you're trying to exercise Beautiful Leadership. You hire Beautiful People to work in your company but you also have relationships with individuals and companies outside your company.

How do you treat those your company will interact with who are not your employees—vendors, partners, consultants, sub-contractors?

"Trust, but verify," is a Russian proverb, "Doveryai, no proveryai" that was often recited by President Ronald Reagan concerning nuclear weapons control during the peak of the Cold War. When asked how he could be sure that the Soviets were going to abide by the agreement, he said he would trust them—but also verify. Profound mistrust of the Soviet Union led him to demand strict measures for confirming that arms reduction had, in fact, been carried out.

In the Greek poet Hesiod's *Works and Days*, "Let the wage promised to a friend be fixed; even with your brother smile—and get a witness; for trust and mistrust, alike ruin men."

Trust is a process, not a product. It's an endless, arduous, thankless process. We only notice when something goes wrong.

Therefore:

Negotiate an agreement with outsiders, and then live it.

The agreement aligns with your Beautiful Purpose. Once you know what you want, you simply tell them and set the intention. If you know what you're looking for you can identify it when you see it. They can decide they like it or they can do business elsewhere.

You want to do business with companies that are professional, fun, pay their bills on time, stretch you and work with you as partners. If they break the agreement, let them know something is not working and ask if the problem is on your side. Ask them if they want to change the agreement, and if so, negotiate a new one. Keep in mind what you want to happen, quid pro quo—give something in return for something of equal value—tit for tat. If the relationship continues to deteriorate, realize that you are only as good as your weakest partner and take steps to ensure you deliver on your agreement to your clients. This could mean that you replace the outsider. Always go back to the agreement; this keeps it clean, simple, and professional.

Over time a relationship is built on trust with an outside partner. After working with some outsiders the need for vigilance could be reduced. There's a lack of fear. That's a component of a beautiful company. You know it's going to get done.

If you replace an outsider, you might consider giving them another chance in the future based on their performance record with other companies that were verifiable but maintain a high degree of vigilance.

In one company that developed a large piece of software with multiple teams, each team defined an interface document with teams that defined shared data and access routines. We were always careful because some teams would violate this document and try to go their own way. In some cases we had regular meetings with the rogue teams, since we didn't have a choice about working with them! Linda Rising

Chris, our computer guy, has been taking care of us for about 6-7 years. We installed a new software system—anytime you change the software you have to change the settings. Our network had some problems with the new server. Chris spent a lot of time to reconfigure it. He sent me the bill and then called and said he would reduce the price because he felt some responsibility for it. I didn't have to say anything. That's the kind of relationship you want. [Price02]

References

- [Bentley] Bentley College Center for Business Ethics
<http://ecampus.bentley.edu/dept/cbe/newresearch/2.html>
- [Brand99] Brand, S., *The Clock of the Long Now*, Basic Books, 1999.
- [Brown85] Brown, W.S., *13 Fatal Errors Managers Make and How You Can Avoid Them*, Berkley Books, NY, 1985.
- [Carbonara97] Carbonara, P., "Wealth and Poverty," *Fast Company*, December 1997, 60.
- [Collins+94] Collins, J.C. and J.I. Porras, *Built to Last: Successful Habits of Visionary Companies*, HarperBusiness, 1994.
- [Dauten02a] Dauten, D., "The Best Companies are Best to Employees," *The Arizona Republic*, February 12, 2002.
- [Dauten02b] Dauten, D., "Devil curses resume dependents, falsifiers," *The Arizona Republic*, Tuesday, August 13, 2002, D2.
- [Davenport+98] Davenport, T.H. and L. Prusak, *Working Knowledge: How Organizations Manage What They Know*, Harvard Business School Press, 1998.
- [deGeus97] deGeus, A. *The Living Company*, Harvard Business School Press, 1997.
- [DeMarco97] DeMarco, T., *The Deadline*, Dorset House Publishing, 1997.
- [DeMarco01] DeMarco, T., *Slack: Getting Past Burnout, Busywork, and the Myth of Total Efficiency*, Broadway Books, 2001.
- [DePree89] DePree, M., *Leadership is an Art*, Dell, 1989.
- [Edler95] Edler, R., "If I Knew Then What I Know Now: CEOs and other smart executives share wisdom they wish they'd been told 25 years ago," G. P. Putnam's Sons, 1995.
- [Gilbreath93] Gilbreath, R.D., *Escape from Management Hell*, Berrett-Koehler Publishers, 1993.
- [Gladwell00] Gladwell, M., *The Tipping Point*, Little, Brown and Company, 2000.
- [Hammonds02] Hammonds, K.H., "Handle With Care," *Fast Company*, August 2002, 102-107.
- [Hefferman02] Hefferman, M., "The Female CEO," *Fast Company*, August 2002, 58-66.
- [Hendrickson02] Hendrickson, E., "Managing Technical People (When You're No Techie)," *STQE*, May/June 2002, 58-60.
- [Hindu] Himalayan Academy <http://www.flex.com/~jai/articles/namaste1.html>
- [Jr02] *The Arizona Republic*, Friday, June 28, 2002, D2.

- [Kleinfeld02] Kleinfeld, J.S., "Six Degrees of Separation: An Urban Myth?" *Psychology Today*, Mar/Apr2002. http://www.uaf.edu/northern/six_degrees.html
- [Kurtzig91] Kurtzig, S.L. with T. Parker, *CEO: Building a \$400 million company from the ground up*, Harvard Business School Press, 1991.
- [LaBarre00] LaBarre, P., "Do You Have the Will to Lead?" *Fast Company*, March 2000, 222.
- [LaBarre01] LaBarre, P., "Who's Fast 2002: Feargal Quinn," *Fast Company*, November 2001, 88-94.
- [Manns+02] Manns, M.L. and L. Rising, *Patterns for Introducing Patterns (or any Innovation) into Organizations*, Addison-Wesley, in press.
- [Mariott+97] Marriott, J.W., Jr. and K.A. Brown, *The Spirit to Serve: Marriott's Way*, Harper Business, 1997.
- [McMahon02] McMahon, J.T., "Enron's leaders still don't get it," *Houston Chronicle*, February 1, 2002. <http://www.chron.com/cs/CDA/story.hts/editorial/outlook/1236695>
- [Overholt02] Overholt, A., "True or False: You're Hiring the Right People," *Fast Company*, February 2002, 110-114.
- [Pascale+00] Pascale, R.T., M. Millemann, and L. Gioja, *Surfing the Edge of Chaos*, Crown Business, 2000.
- [Price02] Interview by Caroline King, Linda Rising, and Steve Sanchez of Ginger Price, D.D.S., July 30, 2002.
- [Rike02] Interview by Caroline King, Linda Rising, and Steve Sanchez of Jim Rike, President, Caliber Construction, Inc., June 26, 2002.
- [Rothman01] Rothman, J., "Other People's Problems," *Software Development*, September 2001, Project and Process Management Column, 49-50.
- [Senge+94] Senge, P. and A. Kleiner, C. Roberts, R.B. Ross, and B.J. Smith, *The Fifth Discipline Fieldbook: Strategies and Tools for Building a Learning Organization*, Doubleday, 1994.
- [Senge+99] Senge, P., Kleiner, A., Roberts, C., Ross, R., Roth, G. Smith, B. *The Dance of Change: The Challenges to Sustaining Momentum in Learning Organizations*, Doubleday, 1999.
- [Waldrop96] Waldrop, M.M., "Dee Hock on Management," *Fast Company*, October 1996, 79.
- [Webber02] Webber, A.M., "Are All Consultants Corrupt?" *Fast Company*, May 2002, 130-134.