



A FLOURISHING ENTERPRISE: AN INSIDE AND OUTSIDE VIEW OF SUCCESS

To flourish, practice excellence.

*Tom DeCotiis, PhD
Jennifer Yugo, PhD*

Revised August 2017

“I used to go there,” “I used to drive one,” or “Oh, I didn’t know they were still around!” is what you hear about many companies that start with a bang, grow like crazy, and then fail or slide into mediocrity. Few mourn their loss as the next big thing is already here. Since entrepreneurs don’t found an enterprise with failure in mind, you have to wonder why it’s the most likely outcome of their efforts.

Co-founder of Farmers Restaurant Group, Dan Simons, thinks it’s “something about the way the typical company is grown that runs counter to the seed that started it.” As Dan sees it, the counter force is the “push to be big rather than to be remarkable; to create awareness rather than contribution.” Of course, it is possible to be both a big and a remarkable company. Apple, Starbucks, Google, Disney, Nordstrom, Hillstone Restaurant Group, and Boeing Aircraft are examples of companies that achieve both. However, the once-but-no-longer-remarkable companies – Sears, Bloomin’ Brands, Macy’s, Hewlett-Packard, and all of the legacy airlines – far outnumber the “remarkables.” An obvious explanation is that there can only be one “Number One,” but that’s too facile an explanation as there is no limit on excellence.



We think of enterprise excellence as having three parts: earning a reputation for goodness, flawless execution, and being best-in-class. The rewards that come with excellence makes us wonder why some companies shine bright and seem to flourish while others flicker like a match and then fade away. Are the remarkable companies lucky or is there something about the way they are grown that puts them on a different path? Our sense of it is that flourishing companies all have something in common; namely, focus.

What their leaders focus on is embedding what made the company worthy of growth in the first place in its cultural DNA and the spirit of its people at all levels. That flourishing is the result of something that a leader does is suggested by companies that lost their mojo such as Apple, Starbucks, and Nordstrom, and regained it almost immediately when their founders retook the reins of leadership. A company that remains worthy of growth is one that has leveraged the insight, wisdom, and values of its founder. When the founder steps back before these factors have been made part of the company’s DNA, flourishing is no longer a possibility.

FAST GROWTH MAKES YOU N(D)UMB

Fast growth can have a narcotic effect on leaders, numbing them to reality and creating a false sense of invulnerability that blunts their common sense, initiative, and focus on making a company what its founder(s) intended it to be. We think of it as ignoring the details of mindful enterprise building. The consequences include refrains such as: “I know we need to [do this or that long-term guarantee against complacency], but we simply don’t have the time,” “Right now: It’s a distraction,” “Our people aren’t experienced enough,” and “It costs too much,” etc. While it’s true that there is never a convenient time to prepare for growth; however, there is a bad time. It’s when growth is underway but wobbling because the company’s leaders are not on the same page, let alone in the same paragraph.

A FLOURISHING ENTERPRISE

“Begin with the end in mind” is one of the seven habits of highly effective people put forth by the late Steven Covey. Sage advice that makes too much sense to be ignored. What is it that you are trying to achieve? What do you want your company to stand for? These are not easy questions to answer. Our answer has three parts – reputation, execution, and achievement – all of which are meant to focus the thinking of enterprise leaders. Reputation is important because it matters; people want to be part of something that they can be proud of. Execution is the cornerstone of a consistent customer experience as customers do not like to be disappointed. Finally, best-in-class matters because when the times get tough – and they always do – only the best survive to flourish another day.



**BEGIN
WITH
THE END
IN MIND**

Steven Covey

SUCCESS IS....?

“How do we know we have arrived at our destination?” and “How do we know we are on track?” These are questions that beg for concrete, quantifiable answers. When working with a leadership team, we start with a definition of success that fits most for-profit enterprises: *Sustained real growth in sales, profit, and active stakeholder loyalty*. This definition has a lot of meat on it, speaks to results, and will not happen without a positive reputation, consistent execution, and being among the best. In addition, words in your definition such as “real” and “active” stimulate deeper discussion of a company’s destination, how to get there, and why getting there is important. While leadership teams typically come up with a different definition than ours, what’s important is that the team thinks about success in terms of what, how, and why, and in the same way. Leaders like results – and a destination characterized by results should pay homage to how they are achieved and, by so doing, tap into the leader values and beliefs. It is this three-part link that ensures that success is clearly defined and becomes part of the company’s cultural DNA.

For example, goodness is about doing the right thing, the right way, and for the right reason. Because personal beliefs are a primary determinant of how people think and behave, it’s critical that differences in beliefs and values be surfaced, discussed, and resolved. In our experience, team conflict is more often an issue of conflicting beliefs than bad motives. Surfacing and resolving these issues during fast growth is difficult. When a team drills down far enough, it inevitably ends up with a values-based answer to its questions of success that reveal the true motivation behind a company’s leaders and their drive to succeed.

INTENTIONAL ACTION IS THE PATH TO A FLOURISHING ENTERPRISE

“Wellness” has gained popularity as a way of describing human health vitality through intentional action. This idea of wellness is very much like the one put forward in a seminal study of aging where the researchers distinguished distinction between “usual” and “successful” aging. People who successfully age avoid disease, describe themselves as engaged with life, and maintain a high level of cognitive and physical functioning. What struck us about the study was the emphasis on the importance of intentions.

Wellness and successful aging can be combined to describe a third idea called flourishing. This is a hot concept – at least among psychologists – that describes a person’s sense of satisfaction and contentment with life. You may know people who more than go with the flow – they flourish in that they are positive, have good friends, find meaning in their lives, are engaged, and feel a sense of accomplishment. In this light, who wouldn’t want to flourish, be around people who flourish, or be part of a company that is, itself, flourishing?

ALL WEATHER IS LOCAL

It's not a stretch to apply the idea of flourishing to a company and how it is put together. With a few tweaks here and there, it has direct implications for the process of building a company that thrives financially and makes a sustained contribution to the broader good. Unfortunately, like most useful ideas, flourishing is a complex notion that has no meaning apart from its parts in the same way that the seasons, time of day, and weather are ideas given meaning only by their observable parts.

"How's the weather?" "It's hot, dry, and windy and I like it that way." When you ask someone about the weather, what you always hear is their take on its parts, as it's the nature of the parts that they use to describe the abstract notion of weather. The concept of weather can be illustrated by a thought-cloud (no pun intended) such as the one shown in Figure 1.

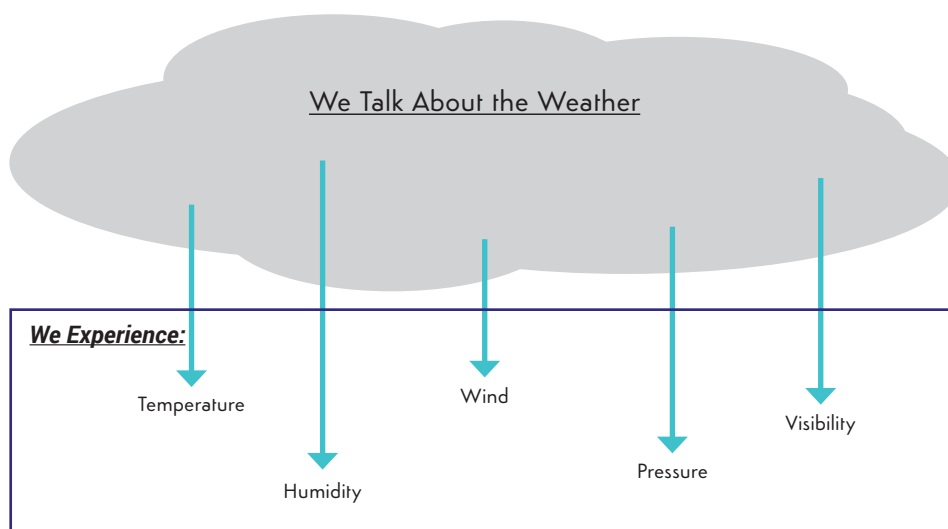


Figure 1. The Concept of Weather

When you step outside, you don't experience something called "weather" directly; instead, you experience measurable attributes such as wind, heat, humidity, and so forth. It's these tangible experiences that enable you to describe the weather. So, when friends call and ask "How's the weather in Colorado Springs" and we say: "Ten degrees below zero and blowing like crazy, but it's really sunny." We have said enough for most of them to know they don't want to visit. What we have done is to describe a complex idea in understandable terms that makes it easy for someone to make a decision based on something they are not experiencing directly. Weather is a *phenomenon of nature*, and while it varies all over the world it does so in ways that are understood in the same way by all people.

Flourishing is a *phenomenon of people* that describes a person's state of being in understandable terms. Figure 2 presents the idea of flourishing in terms that have pretty much the same meaning to all people.

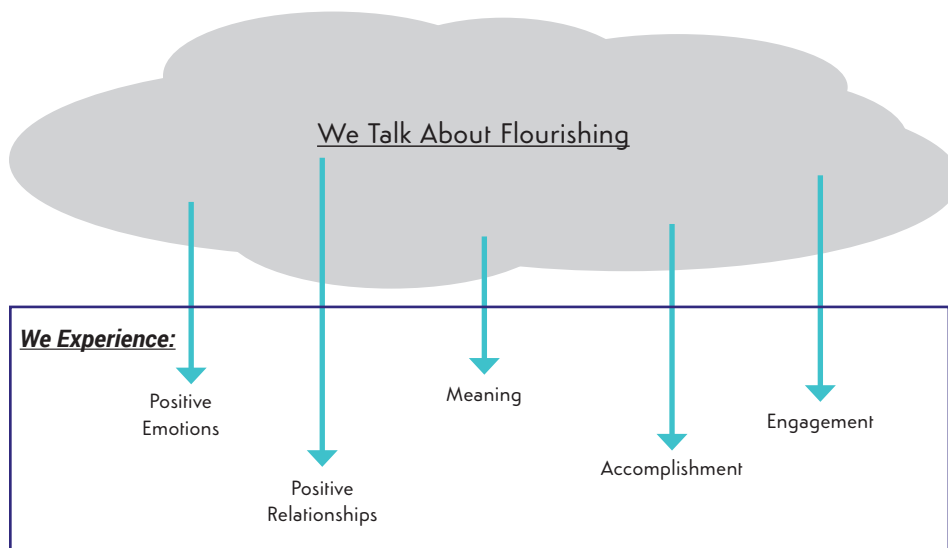


Figure 2. The Concept of Flourishing

As the figure shows, flourishing is made up of five things or “attributes” that allow you to say “I’m flourishing – or not” in concrete terms. From a psychological perspective, it’s called a theory of “un-coerced choice” in that, given the option, people choose to flourish over most other outcomes because it describes a high sense of functioning and represents positive choices to be well. It is an idea that has considerably more to it than the more ambiguous term “wellness.”

WHY NOT A FLOURISHING ENTERPRISE

With a bit of nimble translation, this idea has direct implications for how entrepreneurs and other leaders think about the success of the enterprise they are building. For them, it is also a theory of un-coerced choice in that, given the option, they would choose to have their enterprise flourish over virtually any other option. How the five attributes of personal flourishing are translated to measures of enterprise flourishing is shown in the following table.

Individual Flourishing The predisposition of an individual to experience....	Enterprise Flourishing The predisposition of a company's employees to build....
Positive Emotions: Optimism, Satisfaction, Vitality, Self-Confidence, Strong Moral Code, Independence, Humor	Morale: Believing in the enterprise's mission and ability to thrive, particularly in the face of opposition or hardship; looking forward to being part of its future.
Positive Relationships: Warmth, Satisfying and Trusting Relationships, Compassion, Sacrifice for others including strangers	Connections: Being a source of trust and emotional well-being for stakeholders; liked in the sense of a friendship or personal relationship; reaching out to help stakeholders in time of need.
Meaning: Serving something bigger than the self, being open to new experiences, continually developing, having confidence in own potential, and being goal driven.	Purpose: Going beyond the interest of internal stakeholders to serve the larger community; having clear goals, constantly improving, and achieving a positive reputation. The company is part of the stakeholder's personal identity.
Engagement: Being energetically in flow with life to the point that awareness of effort diminishes; recognizing that what you are doing brings you pleasure (often only in retrospect).	Involvement: Being energetic and enthusiastic about keeping stakeholder promises, doing what it takes within the limits of purpose to be successful, and celebrating enterprise accomplishments.

If you go back to the earlier definition of results that define enterprise success – sustained real growth in sales, profit, and active stakeholder loyalty – a company cannot be only “for benefit” as some critics of free enterprise would have it. A company also has to be “for profit.” In fact, we would argue that profit has a big place in the calculus of success; perhaps, as the great enabler of all other things a company's leaders might want to accomplish. These include outcomes such as: contribute to the quality of life in the community, be a remarkable place to work, and so forth. It's in this sense that Nobel Laureate Muhammad Yunus describes profit as one objective of the entrepreneur. “The same people who are interested in profit making can also be selfless in the sense that they want to benefit others.” Indeed, we have known many entrepreneurs, and all but a few were driven as much by the possibility of doing good things as making money.

The relationship between goodness and profit is not surprising. When people think about the honorable character of a person, they meritably squeeze achievement in among the attributes of character; notably, integrity and generosity. If there is a conflict, it is in the gap between the entrepreneur's drive to do good things and his or her ability to make doing good things part of the company's DNA.

THE CORE OF FLOURISHING

Thanks to a flood of software and imaginative measurement tools, companies are able to measure more outcomes than ever before. The data possibilities are mind-boggling and, sometimes, paralyzing. That said, if there is anything that a company should measure well, it is its core results; namely, real growth in sales, profit, and stakeholder loyalty. We won't spend time in this essay discussing the metrics of real growth in sales and profit other than to say that some are better than others. Instead, we will dive into the idea of **Active Stakeholder Loyalty (ASL)** and what it means. Just as the weather and enterprise flourishing are ideas operationalized by its attributes, so is ASL. Its attributes are shown in the following figure:

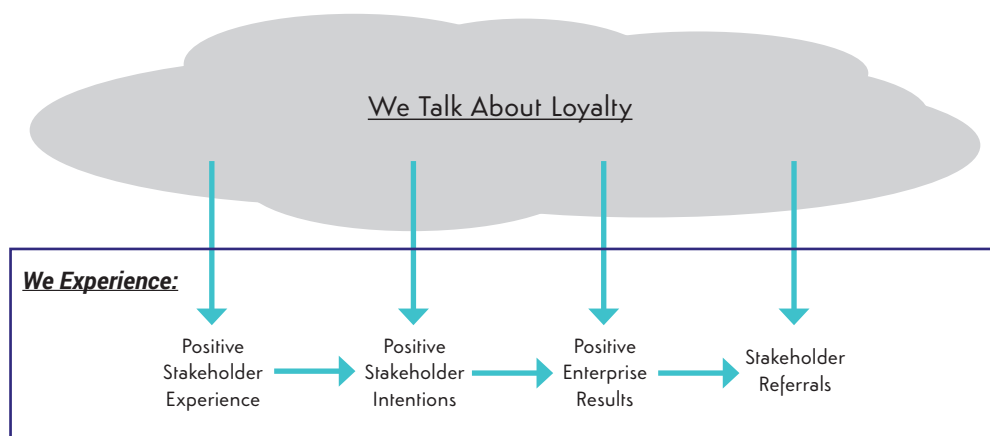


Figure 2. The Concept of Active Stakeholder Loyalty

Let's come at the idea of ASL through company stakeholders. What's the best kind of customer? Easy, it's one that goes out of their way to buy from your company, buys often, happily pays full price, and enthusiastically recommends the company to their friends and family. This kind of customer is sales and profit nirvana. It's also the behavior of an ASL customer. What's the best kind of employee? Easy, it's one that shows up on time, works hard, speaks well of your company, and goes out of his way to "fix what isn't broken." This is an employee who has your back – and it's also an actively loyal employee. What's the best kind of investor? Easy, it's one who invests for the long-term, doesn't panic when you hit a rough patch, and has a reasonable expectation of return. This is growth heaven – and it's also an actively loyal investor.

They're actively loyal stakeholders because it cost them time and/or money to go out of their way to support the success of your company. They are not "paid" to be loyal as with frequent flyer programs, coupons, discounts, bonuses to stay, hyper short-term returns, or referral rewards. They do it because they want to and are volunteers in your success. How does a company earn the active loyalty of its stakeholders? By earning a reputation for human goodness, flawless execution of the stakeholders' experience, and being best-in-class. This is not only the source of active loyalty; it's also a primary source of real growth in sales and profit.

IT'S IN THE NEWS

An article in the Wall Street Journal (February 25, 2015) titled “I Don’t Have a Job. I Have a Higher Calling” focused on companies that address their employees’ need for meaning and purpose in their work. Virtually all of the companies described thought of themselves as “purpose providers” rather than as what they are – a travel agency, accounting firm, or computer hardware manufacturer – that does good things. That’s a mistake as good things do not pay the bills. However, some of the examples cited in the article sounded sketchy to us and more like unsophisticated efforts to manipulate employee attitudes. They failed the sniff test of a genuine call to action on the part of a company. For example, a computer network solutions provider tells employees they are enabling researchers to find cures to deadly diseases. Really? Travel agency employees help customers find their spouse, or manage the grief from the death of a loved one. Really? The unreality of these claims was born out of the fact that less than one-third of employees bought into the “purpose provider” claim. In an enterprise that hopes to flourish, genuine communication by leaders of the company’s purpose and path to earning a reputation for goodness is not enough.

When purpose is an afterthought and programmatic rather than a core belief of the culture, active stakeholder loyalty on the part of employee will fall short. If a company wants its purpose (human goodness) to be credible, then it has to come from the heart of the company’s leaders and be incorporated into the way people do their jobs.

Building a company that flourishes means building a company that contributes, regardless of whether an individual job can directly be linked to some higher calling. Leaders sometimes forget that a cog in the wheel is often just that and no more. Sometimes, a job is just a job, but in concert with all the other jobs in the company that it supports and is supported by, can make a difference. That’s what the founder – BJ Stone – of KitBar Enterprises had in mind when he started his restaurant company with a three part purpose: “Do Good Things. Make a Difference. Create Real Jobs.” and then worked with his team to figure out how to enable these lofty aspirations through an effective business model, compelling brand, and healthy culture. In this purpose, you see the roots of a flourishing enterprise through the flourishing of all of its stakeholders.



ABOUT CORVIRTUS

Corvitus provides a range of innovative, science-based measurements and services that tie a company's culture and core values to talent processes. Corvitus solutions have enabled hundreds of companies to strengthen and scale their corporate cultures, and to identify, develop and retain those employees with the characteristics and capabilities essential for business success and customer satisfaction. For more information, visit www.corvitus.com, email info@corvitus.com or call us at 800-322-5329.

