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The Only Three Things a Leader Should Focus On — Brains, Bones, and Nerves

July 26 2011 by Rajeev Peshawaria

When you're an enterprise leader—one who has so many people under their command that it's not possible to have a close one-on-one relationship with everyone. When you're leading large numbers of people, your primary job is no longer to produce results — it's to facilitate the success of others. So what, then, should you focus on personally?



Brains—Bones—Nerves

You need to put in place a few important frameworks within which a large number of people can operate in a way that maximizes their energy.

The key is to control and shape the three most important levers of sustainable business growth—the Brains, the Bones, and the Nerves.

- The **brains** of a business are its vision and strategy, and here the enterprise leader must shape and set direction.
- The **bones** are the organizational architecture, and here the enterprise leader must design the organization in order to execute the strategy.
- The **nerves** refer to the culture and climate of the organization, and here the enterprise leader must foster a culture of long lasting excellence.

Just as the human body needs all three systems—the brain, bones, and nerves—functioning in perfect harmony to maximize longevity and performance, a business needs its strategy, architecture, and culture to work in harmony in order to maximize results. As an enterprise leader, you should focus on these three as your most important focus areas; everything else must be delegated.

Here are a few simple but powerful ideas about how to lead a large workforce by shaping and managing the brains, bones, and nerves of your organization.

Wiring the “Brains”

For an organization to successfully reach a desired destination, the first step is to decide what route to take. In other words, the organization must clearly articulate its objectives, and make choices about how it will go about achieving them.

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This sounds obvious, but in my years of coaching senior executives, I have found that the smartest people tend to overlook or underperform at this primary work of leadership. The ones that create the most efficient and effective “brain” of a business do so by focusing on two elements:

1. A compelling vision and strategy articulated with elegant simplicity
2. The ability to achieve acceptance and understanding of the vision and strategy.

The task of setting a compelling vision and strategy boils down to answering four questions:

1. What do we want to be?
2. Who are our stakeholders?
 - a. What do we want to do for each?
3. How will we get there?
 - a. What is the conventional business model?
 - b. What needs does this model fulfill?
 - c. What needs are yet unfulfilled?
 - d. What new needs are likely to emerge in the future?
 - e. What should we do differently compared to the traditional model?
4. Why will we succeed?
 - a. What will our differentiating capabilities be?

This template requires you to state your objective (the “what”), list your stakeholders (the “who”), and explain how you will surpass the competition, or create something that does not exist (“how” and “why”).

Once you’ve established the vision and strategy, you must fulfill the second element of wiring the Brains — achieving acceptance and understanding throughout the organization. The key is packaging — you should be able to articulate the vision and strategy in 15 minutes or less, and on no more than one to two pages.

Building Strong “Bones”

Now that vision and strategy have been established, it’s time to create an organizational framework that enables top-quality execution of that strategy and long-term excellence. This framework has two aspects — bones and nerves. “Bones” refer to the organizational design of the company, which should deploy resources in ways that best support the strategy. This is the formal organizational structure and the division of work among individuals and groups. “Nerves” are the informal setup, the culture of the organization. Bones create a structure for executing a strategy, and nerves create a culture that enables long-term excellence.

In order to building strong bones, leaders must:

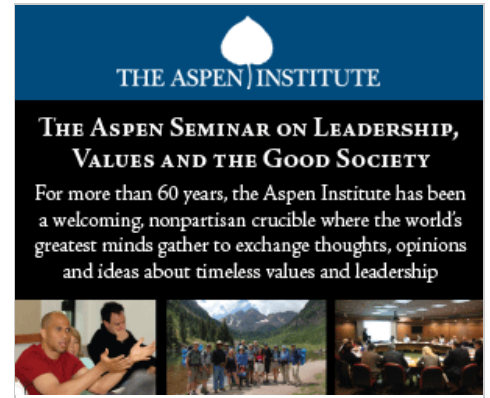
1. Create an organizational structure that enables flawless execution of strategy
2. Ensure each job is filled by the right person
3. Create supporting systems and processes that drive performance

First, look at your overall business strategy, look at where your resources are currently allocated, make a few assumptions, and design an organization based on what is more or less important. For example, if the lifeblood of the business is R&D, the question leaders must ask is, “Are we providing enough resources to this important function? If not, where can we reduce resources to fund this area?”

Next, you must fill jobs with the best available talent. To get this right:

- **Define performance expectations for each job.** Clarity around expected outcomes will highlight the skills and experience required for each job, and better your chances of finding the right person.
- **Hire for desired performance outcomes.** Instead of focusing on generic personality traits, look for evidence that suggests a person might have the skill and will to achieve the particular desired outcomes.
- **Be prepared to admit mistakes and rectify them.** No matter how careful you are, hiring mistakes will happen. Once it becomes clear that a person you hired is a misfit for a particular role, you need to act quickly.

Once you design the structure and fill the jobs, it’s time to set up systems and processes to encourage



desired behavior. Two important systems to think about here are the performance-management and promotion systems.

Performance Management

It is said that what gets measured gets done. But most importantly, individual performance should be defined on two levels: commercial goals and values. At the commercial goals level, a manager and employee agree on what needs to be achieved during a performance period. At the values level, they agree on how it will be achieved.

During my time at American Express, performance was measured both against business goals and against leadership behaviors. My bonus depended equally on business goals and leadership performance, which made it abundantly clear that the company was serious about our leadership behavior.

Promotion

Almost everyone working for a large organization wants to be promoted at regular intervals. And when they are up for promotion, employees are receptive to feedback. This is an excellent time to reinforce the desired values.

If designed in the manner described above, the bones will support overall vision and strategy in the best possible way. While getting this right is a matter of trial and error, keeping the basic principles of sound organization design—having the right people in key jobs, designing and maintaining a nimble and efficient organization structure, and establishing supporting systems like performance measurement—is helpful.

Developing Cultural “Nerves”

Over years of consulting and talent-management work, I have found that if managed proactively and effectively, culture can be a huge source of competitive advantage. For a business leader, a simple way of looking at your organization’s culture is: Culture is what your people do when no one is looking.

This is key, because as organizations grow in size and complexity, it’s impossible to monitor day-to-day individual performance. So as leaders, you need a mechanism that ensures that people do the right thing every day, even when no one is looking. At the end of the day, you have to clarify performance expectations, create conditions that enable success, and trust that people will behave in a way that best supports overall strategy. This is where culture comes in.

So how do you go about creating the culture you want?

Define

Enterprise leaders must articulate a set of behavior guidelines for everyone to follow.

For a moment, imagine it’s two years after you set the company’s vision and strategy. In that time, the new strategic direction was executed flawlessly and the organization has successfully met its objectives. What behaviors made this success possible? Then imagine the reverse — failure. What behaviors led you off course?

This will help you and your team finalize a short list of behavior guidelines you think are critical to the mission. Most importantly, every single member of senior leadership must buy into these behavior guidelines. Half-hearted attempts will go nowhere—you must be personally energized about behaving according to the guidelines.

Socialize

The next step is to socialize the behavior guidelines. Leaders need to take every opportunity to communicate the guidelines and make people understand why they are important.

Effective socialization happens in three primary ways. The most powerful is through **actions rather than words**. Very early in my career when I was a frontline employee at American Express Bank, I was working late one evening after most people on my floor had gone home. A phone was ringing repeatedly a few desks away, but since it was after hours, I ignored it. A minute or so later, Jim Vaughn, the country CEO who also happened to be working late, was on his way out of the building when he heard the same

phone ring again. I will never forget when he walked up to the phone and asked the caller what he could do to help. Without telling the caller that he was the CEO, Jim took down a detailed message and assured the caller that it would be communicated to the intended recipient as soon as possible. Before hanging up, he thanked the caller for calling American Express. For me, a twenty-two-year-old employee, it was a lifelong lesson about customer service. Leaders should use every opportunity to exhibit desired guidelines or values in their own behavior.

The second way to socialize the desired culture is through **training**. At American Express, every employee had to attend training to fully understand the essence of the American Express brand, and how to live the blue-box values every day.

The third way to socialize is through **ongoing communication**. A basic rule of communication is that you can never do too much of it. The only way to ensure that a message has been absorbed consistently is to communicate it repeatedly using different methods (like speeches, presentations, e-mails, videos, intranet tutorials). Use every means possible, and do it as often as possible.

Reinforce

The final step toward changing or creating a culture is to reinforce the desired behavior guidelines or values. Ultimately, if you want to make sure people indeed behave according to stated guidelines and live the values, you must answer the “what’s-in-it-for-me” question. The three most important levers at your disposal as leaders here are performance management, compensation, and promotion.

By continuously managing the brains, bones, and nerves of the company, enterprise leaders will build a strong organization that will sustain over the years. From time to time, you’ll need to step back and assess how you’re doing at these three primary tasks — so talk to your employees. Strong leaders keep the lines of dialogue open — just as they are consistently communicating with employees about a vision for the company, they are also constantly asking for feedback and are not afraid of uncovering areas that need improvement. If your conversations suggest a need for action, invite your team to own solutions.

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