

# The 'Formula' For Success

Leadership guru John Spence shares his tips.

by **KINDRA GORDON**, field editor

What are the key elements to being successful? Whether you operate an agricultural business or a corporation unrelated to agriculture, John Spence believes the fundamentals that contribute to business success are the same.

Spence has shared his strategies for business success with companies like Microsoft, Merrill Lynch and IBM, as well as dozens of smaller companies and not-for-profit organizations. He has twice been named one of the Top 100 Business Thought Leaders in America, and has authored four books on leadership and business success. Via a National Cattlemen's Beef Association (NCBA) webinar, he highlighted the following factors that he believes influence business excellence.

## 1% better every day

"To be successful in the future, the rate of internal innovation must exceed the rate of external innovation," says Spence. In short, that means continuous improvement. He notes that the Japanese have a term for this — *kaizen*, and today that term is recognized worldwide as an important pillar of an organization's long-term competitive strategy.

Both the business and the individual must strive to continually improve, Spence emphasizes. "Perform 1% better every day."

Additionally, Spence says, "Every business, at its core, is similar." Thus, he studies successful businesses to identify the pattern to success.

He explains, "The reason people become good at farming, or chess or whatever, is because they know the pattern of what's going on better than anyone else." As an example of this, Spence shares that Wayne Gretzky spent hours watching hockey footage when he was between the ages of 8 and 15, and then mapped where the puck landed. As a result, Gretzky learned the pattern, and was able to continuously improve his own hockey game.

## (T + C + ECF) × DE

Using that premise of "looking for a pattern," Spence decided to analyze the text of 100 of what he defined as "the best business books." With permission from the authors, he loaded 280,000 pages of content into a computer program called Wordle. The program generates a word plot from the

text, and gives greater prominence to the words that appear the most frequently.

From the most frequently identified words, Spence then created the following formula:  $(T + C + ECF) \times DE = \text{Success}$ .

What does all that mean?

**T stands for Talent.** "You want the best people you can possibly get on your team," he says. "Talent is also about your mentors. Who are you learning from? You want to surround yourself with a network of talented people."

**C stands for Culture.** "You want a business culture that balances engaged employees who also have an ownership mentality. A winning culture attracts great employees and delivers results," he explains.

**ECF is what Spence defines as Extreme Customer Focus.** To this, he says, "Whoever understands the customer best has a huge advantage in the marketplace."

**DE is Disciplined Execution**, which Spence says equals accountability and getting things done.

Thus, the formula is: Talent with a winning culture and extreme customer focus multiplied by disciplined execution results in success.

"When you have these four things, you have a strong foundation for business success," Spence says.

## What's the hardest part?

From his experiences observing businesses, Spence says the biggest factor that he sees sidetrack business success is the lack of disciplined execution.

He explains, "Self-leadership is key. To be an effective leader to others, you must first be a leader yourself."

Spence points out that business leaders often spend time developing a strategic plan for their business, but they also need a life plan.

He poses these questions to ponder: "Where do you want to get to? Would you build a house without a blueprint? Or go cross country without a map? Then how can you go through life without a plan?"

Spence notes that only about 3%-5% of people have a life plan that reflects their values and personal goals. However, he says identifying both personal and business goals can drive the continuous improvement that is an important contributor to success in life.

"When you start to accept mediocrity, you become a magnet for mediocrity," he adds.

Identifying goals can also simplify life. To illustrate this, he shares one of his favorite quotes by Walt Disney: "When values are clear, decisions are easy."

Spence says, "This works in business and life."

Spence says this process of developing a life plan really comes down to a series of steps: have a plan for success, prepare for the journey, launch into action, analyze and adjust as you go.

Additionally, he has defined a formula that he calls the "essence of excellence" — the acronym FDA, which stands for Focus, Discipline, Action — to help people remember to live true to their goals. Spence developed the acronym after seeking input from numerous business

leaders who said these three factors truly contribute most to achieving excellence.

Regarding focus, Spence says, "Be extremely focused on the strategic plan for the business and integrate

that with your values for your life. They should be hand in glove," he says. Along with that, he says it takes discipline to follow your own values every day. Finally, action

means the work you must do to achieve successful results.

As an example of this, Spence says he reads between 100 and 200 books annually. When asked how he can have time to read so much, he says, "My job is to read and know about business strategies. ... I don't watch TV. The average American watches 37 hours of television a week. I watch 2 hours a month, maybe. I don't value TV. I'm very focused and very disciplined in how I spend my time. I don't go to malls, movies, etc. If it's not health-, family- or business-related, I don't do it."

Spence acknowledges that no plan stays on track 100%, but to that he adds, "If 80% goes according to plan and 20% breaks, that's not bad. Like any road map for a trip, you'll have road construction and detours; adjust as you go."

Lastly, Spence emphasizes that every individual must focus on his or her own personal philosophy of success. He says, "In America when we define success, three things often come to mind: money, fame, power. I think those are nice, but I prefer to define personal success for myself this way: When your self-concept and core values are in harmony with your daily activities and every day was a great day."

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## Beware of these behaviors

Few things can "poison" a successful business more than the wrong attitude or behavior. Business strategist John Spence cautions against these three:

**Ignorance** — not paying attention to what's going on, especially with regard to consumer or

customer behavior.

**Indifference** — having the attitude "I don't think I can change" or "I can't get my employees to change."

**Inconsistency** — making changes so often the business can't get traction and you can't evaluate what's working and what's not.



**Editor's Note:** Kindra Gordon is a freelancer and cattlegirl from Whitewood, S.D. John Spence features a list of his favorite business books on his website. To access the free list, go to [www.johnspence.com](http://www.johnspence.com) and click on "Learning Center." Among the titles are *The Little Big Things*, *Authentic Leadership*, *Start With Why*, and *The 46 Rules of Genius*.