

# THE COMPETING VALUES ASSESSMENT OVERVIEW



**Competing Values**

## BRIEF BACKGROUND OF THE COMPETING VALUES FRAMEWORK (CVF)

The Competing Values Framework (CVF) emerged over twenty-five years ago during research about organizational effectiveness and organizational culture and has since been validated by numerous studies. The concept of “organizational effectiveness” is deceptively simple to understand. How do we know if one organization is more effective than another? In order to answer this question, it is necessary to consider that not all organizations and organizational leaders will reach a consensus on what it means for their organization to be effective. Furthermore, how do we assess the culture of an organization and know if one organization’s culture differs from that of another organization?

Organizational leaders regularly confront issues such as how to be innovative, how to organize and deploy resources, and how to collectively grow and change as a system. Leaders must then determine how to confront these and other issues while recognizing that “effectively” doing so within the scope of an organizational culture requires an awareness of the everyday tensions that exist within their organizations. Thus, these competing positive tensions comprise the Competing Values Framework.

The horizontal axis (x-axis) of the CVF indicates a tension in organizational focus as represented in a contrast between internal and person-oriented focus (toward the left) and external and organization-oriented focus (toward the right). The vertical axis (y-axis) indicates a tension in differing perspectives on organizational structure as represented in a contrast between an interest in flexibility and change (toward the top) and an interest in stability and control (toward the bottom). Each quadrant has two complementary quadrants (those on either side of it), and one quadrant to which it is highly contrasted (the one directly diagonal to it).

## CVF AND ORGANIZATIONAL OUTCOMES

The assessment questionnaire has been developed around the CVF to illustrate three dimensions—the future outcomes (*Purposes*) that a company desires to achieve; current organizational *Practices*; and the individual leadership approach of each respective organizational member (*People*). Research shows that companies that are aligned among the dimensions of *Purposes*, *Practices*, and *People* are much more effective than companies without such alignment. The CVF illustrates the different tensions in the

## LEADING INNOVATION & GROWTH (LIG) SERIES



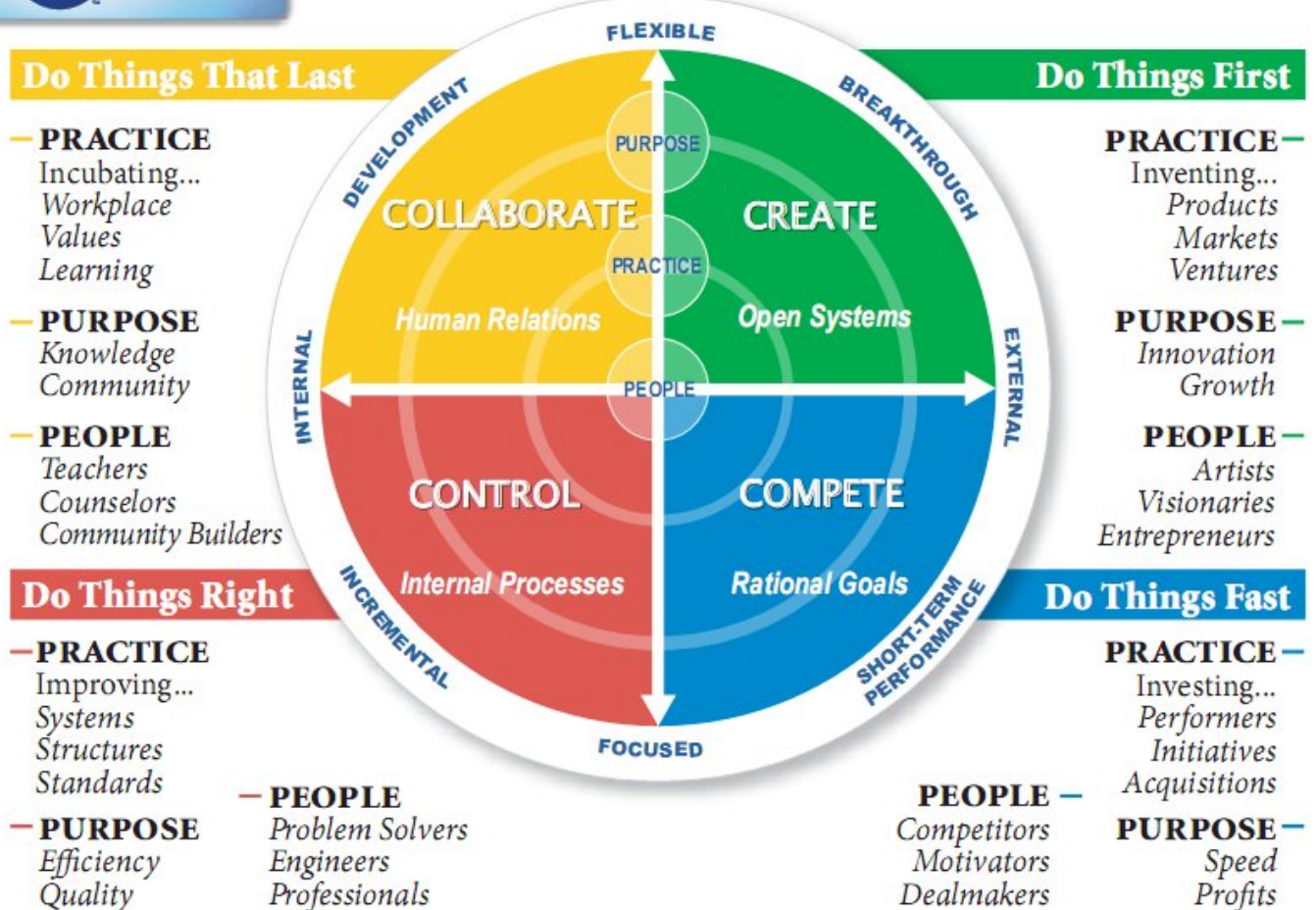
- LIG 1—Leading Innovation Enterprise Program
- LIG 2—Shared Vision & Jumpstart Program
- LIG 3—Black Belt Development Program
- LIG 4—Innovation & Growth Summit
- LIG 5—Competing Values Assessment

This series follows the principles of the Competing Values Framework (CVF). The result of over 25 years of academic research and testing, the CVF is a broadly applicable model that fosters successful leadership, improves organizational effectiveness and promotes value creation. The premise of the CVF is that there are four basic competing values within every enterprise: Collaborate, Create, Compete and Control. These values compete in a very real sense for a corporation’s limited resources (funding, time, and people). How leadership responds to the tension created between these competing values will shape a company’s culture, practices, products, and ultimately, how they innovate and grow. Recognized by the *Financial Times* as one of the 40 most important frameworks in the history of business, the CVF has been implemented by hundreds of companies.

### TO LEARN MORE

Visit [www.CompetingValues.com](http://www.CompetingValues.com) or contact the Competing Values Company directly at [Info@CompetingValues.com](mailto:Info@CompetingValues.com) or 734-604-1012.

# COMPETING VALUES™ FRAMEWORK



way in which effectiveness can be defined. A key message of the CVF is that despite the different ways for defining organizational effectiveness, it is important that companies are appropriately aligned in their respective definition of effectiveness. Once aligned, companies can find their innovation sweet spot and achieve the growth outcomes that they desire.

## USES OF THE COMPETING VALUES ASSESSMENT

### Individual Level

- ▶ Personal development.
- ▶ Career planning.

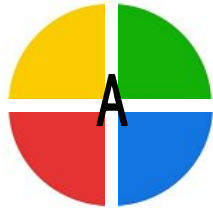
### Team Level

- ▶ Team Development.
- ▶ Creating a shared vision and shared values

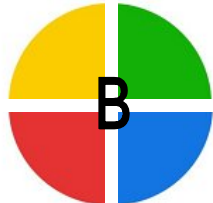
Once the members of your entire company or strategic business unit complete the *Competing Values Assessment*, the aggregated assessment results can be compared to industry competitors by using the *Competing Values Innovation Index*. This index (an industry-specific ranking of companies) enables leaders to quickly understand companies positioned for growth in the marketplace and how their company compares to the competition.

Additionally, the *Innovation Index* shows how adjustments along the quadrants of the Competing Values Framework will yield revenue to the company. These yields are based on over a decade's worth of validated statistical analysis, which demonstrates the value of the CVF for predicting financial performance.

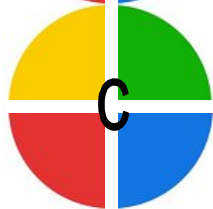
## THE ASSESSMENT EVALUATES THREE APPROACHES TO CHANGE, INNOVATION, AND GROWTH...



PURPOSES – *Outcomes*, or value the organization intends to create.



PRACTICES – Culture, competency, and processes of *the organization*.



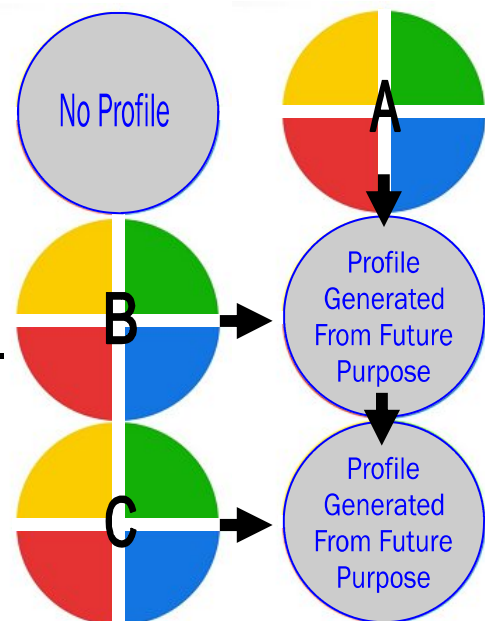
PEOPLE – *You*, and your personal values, as a leader and as an individual.

## IT THEN ALIGNS BEHAVIORS AND PRACTICES WITH DESIRED RESULTS

PURPOSES – *Outcomes*, or value the organization intends to create.

PRACTICES – Culture, competency, and processes of *the organization*.

PEOPLE – *You*, and your personal values, as a leader and as an individual.



## IF YOU ARE A “YELLOW” (COLLABORATE QUADRANT)...

The Collaborate quadrant is a human relations model that emphasizes cohesion, morale, human resources, and training. This quadrant represents a cross between an internal, person-oriented focus and a flexible, change-oriented organizational structure. Organizations that are anchored in this quadrant nurture their people, cultivate human capital, and are adaptive in their actions in that they focus on long-term development.

**Leader types:** Facilitator, mentor, and team builder.

**Value drivers:** Commitment, communication, and development.

**Theory of effectiveness:** Human development and high commitment produce effectiveness.

**Culture type:** Clan.

**Metrics associated with the Collaborate quadrant:**

- Knowledge—Future growth values, the difference between the firm’s current market value and its market value if its profits did not grow.
- Community—Sales divided by the number of employees.

**Advantages to being anchored in this quadrant:**

- People are highly valued and leadership is internally cultivated.
- Human capital yields organizational success.
- The organization focuses on the long-term.

**Drawbacks to being anchored in this quadrant:**

- Taken to an extreme, organizations resemble a country club.
- Projects are slow to produce outcomes.
- Goals become moving targets and focus suffers.

**How the Collaborate quadrant relates to the other quadrants:**

- Complements the Create and Control quadrants.
- Contrasts with the Compete quadrant.

TABLE 1 – THE RELATIONSHIP BETWEEN THE COLLABORATE QUADRANT AND THE OTHER CVF QUADRANTS

Collaborate	If <u>you</u> are a “Yellow”	If <u>your team</u> is “Yellow”	If <u>your business unit</u> is “Yellow”	If <u>your firm</u> is “Yellow”
<b>Then...</b>	You will create value through your commitment to teaching and mentoring others.	Value is created through the team’s commitment to nurturing learning among team members.	Value is created through commitment to fostering organizational learning.	Value is created when human capital and organizational knowledge are nurtured to create sustainable competitive advantage.
<b>And you work with “Reds” (Control), then...</b>	Your relationship with these individuals will succeed when you place a collective emphasis on learning to do things the right way.	Your team will create value with other teams when best practices for doing things the right way are shared.	Your business unit will successfully create value with other units when structured learning systems are built and shared.	Your firm will create value with other firms through the nurturing of long-term and trusting relationships that build industry specific knowledge and practices.
<b>And you work with “Greens” (Create), then...</b>	Your relationship with these individuals will succeed when you collectively try new things, generate new ideas, and mutually learn what works and what doesn’t work in a supportive manner.	Your team will successfully create value with other teams by collaborating on creative projects in order to learn about things that work and things that don’t work as well as ways to improve.	Your business unit will successfully create value with other units when large-scale innovation projects are launched and nurtured for long-term success.	Your firm will create value with other firms through innovative, long-term joint ventures when the objective of the venture is to generate new industry knowledge.
<b>And you work with “Blues” (Compete), then...</b>	The difficulties in your relationship with these individuals will center on matters of individual deadlines and responsibilities. Make sure to let the others set deadlines, but take a leading role in clarifying details and encouraging positive communication about mutual responsibilities.	Your team will have a difficult time agreeing on mutual objectives with other teams. Your team’s objectives might seem vague to the other team, and the other team’s objectives might appear to be doing too much. Push your own team to be more concrete, and use the language of the other team’s objectives in the articulation your own objectives.	Your business unit will have a difficult time with other units because of a disconnect over matters of speed toward completion as well as specific project objectives. Keep your business unit focused on setting realistic objectives that balance the need for speed with the need to learn what works and what doesn’t work while maintaining strong communication.	Your firm will find it difficult to establish deep trust with other firms because of a disconnect over the speed at which collaboration should occur and the time it takes to establish trust. To overcome this, focus the relationship toward a specific project. Set realistic project deadlines and use the various project steps as checkpoints for issues of trust.

TABLE 2 – COLLABORATE QUADRANT METRICS AND OUTCOMES

<b>Collaborate Quadrant</b>		
	<b>Community...</b>	<b>Knowledge...</b>
Key performance metrics	Sales, divided by the number of employees.	Future growth values - the difference between the firm's current market value and its market value if its profits did not grow.
Additional metrics	<ul style="list-style-type: none"> <li>Employee satisfaction and morale surveys.</li> <li>Employee turnover rate.</li> <li>Turnover rate due to poor performance.</li> <li>Absence rate.</li> <li>Reduction in employee grievances and complaints.</li> <li>Headcount as a percentage of forecasted needs.</li> <li>Job posting response rate.</li> <li>Percent of accepted job offers.</li> <li>Percent of promoted employees.</li> <li>Customer satisfaction survey ratings.</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of fulfilled training requirements.</li> <li>Number of training days per employee.</li> <li>Training expenditures as a percentage of the operating budget.</li> <li>Training investment per employee.</li> <li>Percentage of employees with a career development plan.</li> <li>Number of approved employee suggestions.</li> <li>Number of best practices communicated and applied across departments.</li> <li>Skill targets achieved.</li> <li>Impact and value evaluation of training and development.</li> <li>Average experience level of personnel.</li> </ul>
To achieve Community and/or Knowledge, your organization should nurture...	<ul style="list-style-type: none"> <li>Workforce commitment.</li> <li>Shared values.</li> <li>Inclusion.</li> <li>Teamwork.</li> <li>High-performing culture.</li> <li>Employee motivation.</li> </ul>	<ul style="list-style-type: none"> <li>Workforce competence.</li> <li>Continuous learning.</li> <li>Employee retention.</li> <li>Employee support.</li> <li>Advancements in knowledge.</li> <li>Requisite variety of knowledge for adapting to uncertainties.</li> </ul>
Companies that emphasize Community and/or Knowledge, have a tendency to...	Focus on internal capabilities and the long-term development of culture.	Focus on situational adaptability and the long-term development of culture.
When your company excels at nurturing Community and/or Knowledge, it does so by...	<ul style="list-style-type: none"> <li>Focusing on internal maintenance.</li> <li>Focusing on people.</li> <li>Productivity through workforce motivation, shared values and inclusion.</li> <li>Teamwork and consensus.</li> <li>Developing a strong culture over time.</li> </ul>	<ul style="list-style-type: none"> <li>Focusing on internal maintenance.</li> <li>Focusing on people.</li> <li>Exploiting latent competencies and growth-relevant knowledge.</li> <li>Being a great place to work and fostering employee satisfaction.</li> <li>Building organizational development strategies.</li> </ul>
Companies that emphasize Community and/or Knowledge, have organizational cultures characterized by...	<ul style="list-style-type: none"> <li>Friendly atmosphere.</li> <li>Participation.</li> <li>Team goals.</li> <li>Mentorship.</li> <li>Shared values.</li> <li>People-focus.</li> <li>Customer communities.</li> <li>Good communication.</li> </ul>	<ul style="list-style-type: none"> <li>Information sharing.</li> <li>Collaborative learning.</li> <li>Dedicated masters-as-teachers.</li> <li>Personal growth.</li> <li>Long-term solution-building.</li> <li>Diversity.</li> <li>Organizational development practices.</li> <li>Employee retention.</li> </ul>
Individuals who excel at building Community and/or Knowledge, have the following leadership characteristics...	<ul style="list-style-type: none"> <li>Facilitator.</li> <li>People oriented.</li> <li>Consensus builder.</li> <li>Tolerance for diversity.</li> <li>Effective communicator.</li> <li>Empathetic.</li> </ul>	<ul style="list-style-type: none"> <li>Mentor.</li> <li>Effective teacher.</li> <li>Solution builder.</li> <li>Tolerance for ideas.</li> <li>Supportive.</li> </ul>
When leading a culture that is oriented toward Community and/or Knowledge, avoid such blind spots as...	Assuming that peoples' beliefs are minor; allow adequate time to address concerns and to address attitudinal changes.	Assuming that the correct people, values, and skills are in place; keep an eye out for new talent, and do not settle for underperformance.
Avoid such culture blind spots as...	<ul style="list-style-type: none"> <li>Issue avoidance.</li> <li>Overly eager participation.</li> <li>Group think.</li> <li>Slow reaction.</li> <li>Inward and narrow outlook.</li> </ul>	<ul style="list-style-type: none"> <li>Forsaking of the short term.</li> <li>Slow reaction.</li> <li>Soft feedback.</li> <li>Inward and narrow outlook.</li> </ul>
Avoid your personal blind spots that...	<ul style="list-style-type: none"> <li>Overemphasize people more than tasks.</li> <li>Default to cliques.</li> <li>Disregard metrics.</li> </ul>	<ul style="list-style-type: none"> <li>Wanders through unnecessary knowledge.</li> <li>Lacks focus.</li> <li>Avoids direct confrontation.</li> </ul>
When looking for examples of Community and/or Knowledge, consider...	<ul style="list-style-type: none"> <li>Mission/advocacy-based organizations.</li> <li>Associations.</li> <li>Family businesses.</li> <li>Lifestyle organizations.</li> <li>Partnerships.</li> </ul>	<ul style="list-style-type: none"> <li>Mission/advocacy-based organizations.</li> <li>Associations.</li> <li>Family businesses.</li> <li>Lifestyle organizations.</li> <li>Partnerships.</li> </ul>
Specifically...	McKinsey	Ericsson

## IF YOU ARE A “GREEN” (CREATE QUADRANT)...

The Create quadrant is an open system model that can be described as organic, flat, loosely-coupled, matrix-oriented, and temporary. The Create quadrant represents a cross between an external, organization-oriented focus and a flexible, change-oriented organizational structure. Organizations that are anchored in this quadrant take risks, focus broadly about the big picture and big ideas, and are agile in their actions and the resources that they cultivate.

**Leader types:** Innovator, entrepreneur, and visionary.

**Value drivers:** Innovative outputs, transformation, and agility.

**Theory of effectiveness:** Innovativeness, vision, and constant change produce effectiveness.

**Culture type:** Adhocracy.

**Metrics associated with the Create quadrant:** Growth, sales growth, and innovation (idiosyncratic stock return risk—the difference between a company’s actual returns and the portion of the returns that can be explained by co-movement with the overall market return).

### Advantages to being anchored in this quadrant:

- Bold and breakthrough ideas frequently materialize.
- Flexibility and novelty yield organizational success.
- The organization focuses on the long-term.

### Drawbacks to being anchored in this quadrant:

- Taken to an extreme, organizations become chaotic.
- Radical ideas are costly and often fail.
- Stretch goals are frequent and are often difficult to achieve.

### How the Create quadrant relates to the other quadrants:

- Complements the Collaborate and Compete quadrants.
- Contrasts with the Control quadrant.

TABLE 3 – THE RELATIONSHIP BETWEEN THE CREATE QUADRANT AND THE OTHER CVF QUADRANTS

Create	If <u>you</u> are a “Green”	If <u>your team</u> is “Green”	If <u>your business unit</u> is “Green”	If <u>your firm</u> is “Green”
Then...	You will create value through your ability to turn creative risk into growth projects.	Value is created through the team’s support of playfulness, divergent thinking, and risk.	Value is created through the creation of idea spaces and idea structures that support creativity and divergence.	Value is created through systems and cultures of risk-taking and divergence. Free-thinking projects are nurtured and provide a channel for growth.
<b>And you work with “Yellows” (Collaborate), then...</b>	Your relationship with these individuals will succeed when there is an emphasis on trying new things, coming up with new ideas, and learning from them in a supportive manner	Your team will successfully create value with other teams by collaborating on creative projects in order to learn about things that work and things that don’t work as well as ways to improve.	Your business unit will successfully create value with other units when large-scale innovation projects are launched and nurtured for long-term success.	Your firm will create value with other firms through innovative, long-term joint ventures when the objective of the venture is to generate new industry knowledge.
<b>And you work with “Blues” (Compete), then...</b>	Your relationship with these individuals will succeed when there is a mutual emphasis on generating attention (or cheerleading) for a common visible project.	Your team will create value with other teams when there is a mutual enthusiasm for launching new projects.	Your business unit will successfully create value with other units when knowledge about stage-gating profitable, visible, growth-oriented projects is shared.	Your firm will create value with other firms when such a partnership generates capital for large, visible, and highly innovative, growth projects.
<b>And you work with “Reds” (Control), then...</b>	The difficulties in your relationship with these individuals will center on matters of risk. Your big ideas will likely be perceived as “risky” if they are not carefully shared. All projects have some degree of risk, so you must direct your efforts toward outlining reasonable risks and reasonably foreseeable rewards in an analytical way.	Your team will have a difficult time working with other teams because of disagreements about the nature of new ideas. Reds will challenge the functional feasibility of these ideas. In order to overcome this, make sure your team develops a proof of concept for the idea that addresses any issues of feasibility.	Your business unit will have a difficult time with other units because of conflicting perspectives on the ways in which the company should pursue new growth ideas. Both sides will have a difficult time balancing and evaluating functional risk and reward. Your business unit must recognize that risk is inevitable and present some creative ways in which it might be mitigated.	Your firm might find it challenging to partner with Control quadrant firms on a macro-level. Instead, look to these firms as a potential resource for specific capabilities, and try to form smaller scale alliances rather than larger scale joint ventures.

TABLE 4 – CREATE QUADRANT METRICS AND OUTCOMES

Create Quadrant		
	Innovation...	Growth...
Key performance metrics	Idiosyncratic stock return risk - the difference between a company's actual returns and the portion of the returns that can be attributed to the company's investment in innovation projects.	Sales growth.
Additional metrics	<ul style="list-style-type: none"> <li>• Number of new products or services launched.</li> <li>• Number of new sources of revenue.</li> <li>• New products or services developed, as a percentage of sales.</li> <li>• Revenues derived from new products or services, as a percentage of total revenue.</li> <li>• ROI for new products or services.</li> <li>• R&amp;D investment/Total expenditures.</li> <li>• Ratio of R&amp;D expenditures in core research versus development of applications.</li> <li>• Diversity of innovation portfolio mix.</li> <li>• New product and service process pipeline flow rate.</li> <li>• New product and service survival rate.</li> </ul>	<ul style="list-style-type: none"> <li>• Growth in total sales.</li> <li>• Total market share against competitors.</li> <li>• Growth in sales by segment.</li> <li>• Growth in sales by channel.</li> <li>• Growth in sales by geography.</li> <li>• New market growth in sales.</li> <li>• Growth in sales through joint ventures.</li> <li>• Growth in sales through new applications of existing products and technology.</li> <li>• Measures of brand recognition.</li> <li>• Growth in sales per person.</li> </ul>
To achieve Innovation and/or Growth, your organization should nurture...	<ul style="list-style-type: none"> <li>• Product innovation.</li> <li>• Long term risk acceptance.</li> <li>• Exceptions.</li> <li>• Experimentation.</li> <li>• Change.</li> <li>• The ability to capitalize on changing innovation trends.</li> </ul>	<ul style="list-style-type: none"> <li>• Capacity to change.</li> <li>• Long term risk acceptance.</li> <li>• Vision of possibility.</li> <li>• Exploration.</li> <li>• Transforming emerging trends.</li> </ul>
Companies that emphasize Innovation and/or Growth, have a tendency to...	Adapt and transform ideas through breakthrough channels.	Transform ideas through breakthrough channels both within the company and through external collaboration.
When your company excels at nurturing Innovation and/or Growth, it does so by...	<ul style="list-style-type: none"> <li>• Creative crisis to overturn the status quo</li> <li>• Risk-seeking</li> <li>• Demanding flexibility and uniqueness</li> <li>• Attracting entrepreneurs</li> <li>• Seeking continual breakthroughs</li> </ul>	<ul style="list-style-type: none"> <li>• Demanding vision and future outlook</li> <li>• Focusing on new frontiers</li> <li>• Exploiting ambiguity</li> <li>• Succeeding through development and test scenarios</li> <li>• Transformation of opportunities</li> </ul>
Companies that emphasize Innovation and/or Growth, have organizational cultures characterized by...	<ul style="list-style-type: none"> <li>• Entrepreneurship.</li> <li>• Creative workspaces.</li> <li>• An ongoing acquisition of resources.</li> <li>• Individual freedoms.</li> <li>• Experimentation.</li> <li>• Ambiguity.</li> <li>• Risk.</li> </ul>	<ul style="list-style-type: none"> <li>• Adventure.</li> <li>• Curiosity.</li> <li>• Emergent opportunities.</li> <li>• Clear vision.</li> <li>• Trend following.</li> <li>• Confrontation of the unknown.</li> </ul>
Individuals who excel at building Innovation and/or Growth, have the following leadership characteristics...	<ul style="list-style-type: none"> <li>• Innovative.</li> <li>• Clever and creative.</li> <li>• Risk taking.</li> <li>• Learns from failure.</li> <li>• Experimentation.</li> <li>• Tolerance for ambiguity.</li> <li>• Abstract thinking.</li> </ul>	<ul style="list-style-type: none"> <li>• Visionary.</li> <li>• Future oriented.</li> <li>• Visualizes new outcomes.</li> <li>• Opportunistic.</li> <li>• Intuitive.</li> <li>• Risk taker.</li> </ul>
When leading a culture that is oriented toward Innovation and/or Growth, avoid such blind spots as...	Assuming that continued success depends solely on continuous change; continuously weigh risks and rewards associated with potential change.	Assuming that the future is an extension of the present; expect that something will disrupt growth rates, and have a plan to confront such disruption.
Avoid such culture blind spots as...	<ul style="list-style-type: none"> <li>• Excessive individualism.</li> <li>• Superficiality at the expense of complexity.</li> </ul>	<ul style="list-style-type: none"> <li>• Mismatched incentives.</li> <li>• Organizational disloyalty.</li> </ul>
Avoid your personal blind spots that...	<ul style="list-style-type: none"> <li>• Exhibit risky behavior.</li> <li>• Falls in love with ideas.</li> <li>• Micromanages.</li> <li>• Is unable to rally support.</li> </ul>	<ul style="list-style-type: none"> <li>• Is unable to produce viable ideas.</li> <li>• Is disloyal to the organization.</li> <li>• Micromanages.</li> <li>• Fails to adjust personal ideas and won't satisfy other objectives.</li> </ul>
When looking for examples of Innovation and/or Growth, consider...	<ul style="list-style-type: none"> <li>• Mature firms in a death cycle.</li> <li>• Start-up firms.</li> <li>• Design/creative businesses.</li> </ul>	<ul style="list-style-type: none"> <li>• Mature firms in a death cycle.</li> <li>• Start-up firms.</li> <li>• Design/creative businesses.</li> </ul>
Specifically...	Google	Apple

## IF YOU ARE A “BLUE” (COMPETE QUADRANT)...

The Compete quadrant is a rational goal model that emphasizes profit and bottom line measures and is underlined by the concept of rational action. The Compete quadrant represents a cross between an external, organization-oriented focus and a focused organizational structure. Organizations that are anchored in this quadrant do things quickly for immediate gain, focus heavily on bottom line measures of profitability, and relentlessly acquire resources that give them a competitive advantage.

**Leader types:** Hard-driver, competitor, and producer.

**Value drivers:** Market share, goal achievement, and profitability.

**Theory of effectiveness:** Aggressively competing and customer focus produce effectiveness.

**Culture type:** Market.

**Metrics associated with the Create quadrant:** Profit; Economic value added (EVA) – net operating profits after tax, minus a capital charge, where capital charge equals the firm’s weighted-average cost of capital, times net assets deployed; and speed (the change in a firm’s EVA growth rate from one year to the next, over a five-year time period).

**Advantages to being anchored in this quadrant:**

- Initiatives focus heavily on the needs of customers and shareholders.
- Planning and focus yield organizational success.
- Lucrative, short-term gains create value.

**Drawbacks to being anchored in this quadrant:**

- Taken to an extreme, organizations become sweat shops.
- Failures are not easily translated into learning opportunities.
- Competitive goals often lead to unsustainable behaviors.

**How the Compete quadrant relates to the other quadrants:**

- Complements the Create and Control quadrants.
- Contrasts with the Collaborate quadrant.

TABLE 5 – THE RELATIONSHIP BETWEEN THE COMPETE QUADRANT AND THE OTHER CVF QUADRANTS

Compete	If <u>you</u> are a “Blue”	If <u>your team</u> is “Blue”	If <u>your business unit</u> is “Blue”	If <u>your firm</u> is “Blue”
<b>Then...</b>	You will create value through your ability to get things done quickly and by meeting pre-scribed metrics.	Value is created when a team acts as a filtering mechanism for leaders and winners.	Value is created when it performs well enough against other business units in order to justify its existence within the organization.	Value is created through systems that position the firm to provide superior returns to shareholders relative to other competitors.
<b>And you work with “Greens” (Create), then...</b>	Your relationship with these individuals will succeed when there is a mutual emphasis on generating attention (or cheerleading) for a common visible project.	Your team will create value with other teams when there is a mutual enthusiasm for launching new projects.	Your business unit will successfully create value with other units when knowledge about stage-gating profitable, visible, growth-oriented projects is shared.	Your firm will create value with other firms when such a partnership generates capital for large, visible, and highly innovative, growth projects.
<b>And you work with “Reds” (Control), then...</b>	Your relationship with these individuals will succeed when there is a mutual interest in minimizing some sort of risk.	Your team will create value with other teams when there is a mutually specific goal that minimizes risk and maximizes return on investment.	Your business unit will successfully create value with other units through key projects with clear goals, timelines, responsibilities, and outcomes.	Your firm will create value with other firms when there are clear objectives for and resources available to mutual ventures. Ventures will be transaction based and will focus more on the outcome of the exchange rather than the exchange itself.
<b>And you work with “Yellows” (Collaborate), then...</b>	The difficulties in your relationship with these individuals will center on matters of individual deadlines and responsibilities. Make sure to allow adequate time for positive communication and the discussion of responsibilities, but take a leading role in setting reasonable targets and deliverables.	Your team will have a difficult time agreeing on mutual objectives with other teams. Your team’s objectives might seem too aggressive and unrealistic to the other team, and the other team’s objectives might seem too vague. Push your own team to set more realistic goals that allow some room for a reasonable amount of failure and learning.	Your business unit will have a difficult time with other units because of a disconnect over matters of speed toward completion as well as specific project objectives. Keep your business unit focused on setting realistic objectives that balance the need for speed with the need to learn what works and what doesn’t work while maintaining strong communication.	Your firm will find it difficult to make things happen quickly because of a disconnect over the speed at which collaboration should occur and the time it takes to establish trust. To overcome this, focus the relationship toward a specific project. Set realistic project deadlines and use the various project steps as checkpoints for issues of trust.

TABLE 6 – COMPETE QUADRANT METRICS AND OUTCOMES

Compete Quadrant		
	Speed...	Profits...
Key performance metrics	The change in a firm's Economic Value Added (EVA) growth rate from one year to the next, over a five-year period.	Economic value added (EVA) - shareholder focused growth rate over a five year period.
Additional metrics	<ul style="list-style-type: none"> <li>• First to market with products and services.</li> <li>• Cycle time to design and develop products and services.</li> <li>• Cycle time to market for new products and services.</li> <li>• Time to profitability for existing products and services.</li> <li>• Time to profitability for new products and services.</li> <li>• Number of projects launched ahead of schedule.</li> <li>• Number of products delivered ahead of schedule.</li> <li>• Ratio of launched projects to projects advanced through review gates.</li> <li>• Time to new market penetration achieved through acquisitions.</li> <li>• Number of employees qualified to jumpstart projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Return on assets.</li> <li>• Total revenue.</li> <li>• Net present value.</li> <li>• Gross profit.</li> <li>• Stock price.</li> <li>• Shareholder value.</li> <li>• Operating income.</li> <li>• Earning per share.</li> <li>• Available cash on-hand (cash flow).</li> <li>• Bid and quote success rate.</li> </ul>
To achieve Speed and/or Profits, your organization should nurture...	<ul style="list-style-type: none"> <li>• Market share.</li> <li>• Opportunities.</li> <li>• Quick response.</li> <li>• Domination.</li> <li>• Aggressiveness.</li> <li>• The ability to adapt to rapidly changing market conditions.</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder value.</li> <li>• Predictable opportunities.</li> <li>• Focus to compete.</li> <li>• Short-term results.</li> <li>• Managed resources.</li> </ul>
Companies that emphasize Speed and/or Profits, have a tendency to...	Combine external opportunities with successful short-term performance.	Balance short-term performance and stability.
When your company excels at nurturing Speed and/or Profits, it does so by...	<ul style="list-style-type: none"> <li>• Requiring speculation analysis.</li> <li>• Dominance through acquisitions and alliances.</li> <li>• Seeking skills to win.</li> <li>• A compete-for-results culture.</li> <li>• Attracting logic and predictability.</li> </ul>	<ul style="list-style-type: none"> <li>• Seeking stability through discipline.</li> <li>• Focused goals that yield short-term results.</li> <li>• Managed assets that yield shareholder value.</li> <li>• Maximizing the bottom line.</li> </ul>
Companies that emphasize Speed and/or Profits, have organizational cultures characterized by...	<ul style="list-style-type: none"> <li>• Market domination.</li> <li>• Fast decision-making.</li> <li>• Hard-driving.</li> <li>• Expansion of leadership power.</li> <li>• Leveraging of assets.</li> <li>• Mergers and acquisitions to speed up innovation.</li> <li>• Analytical prowess.</li> </ul>	<ul style="list-style-type: none"> <li>• Results-orientation.</li> <li>• Targeted-focus.</li> <li>• Demanding leadership.</li> <li>• Alignment of resources for specific purposes.</li> <li>• Managerial discipline.</li> <li>• Maximization of value.</li> <li>• Analytical prowess.</li> <li>• Cost competition.</li> </ul>
Individuals who excel at building Speed and/or Profits, have the following leadership characteristics...	<ul style="list-style-type: none"> <li>• Producer.</li> <li>• Task focused.</li> <li>• Stealthy.</li> <li>• Aggressive and decisive.</li> <li>• Resourceful.</li> </ul>	<ul style="list-style-type: none"> <li>• Competitor.</li> <li>• Aggressive and decisive.</li> <li>• Demanding.</li> <li>• Energizing.</li> <li>• Strategic.</li> <li>• Resourceful.</li> </ul>
When leading a culture that is oriented toward Speed and/or Profits, avoid such blind spots as...	Assuming that all prospective ideas or products have the capabilities necessary for entering and dominating new markets; good analysis should precede knee-jerk quick decisions.	Assuming that shareholder value is of little importance; business decisions must consider the long-term value to shareholders.
Avoid such culture blind spots as...	<ul style="list-style-type: none"> <li>• Burn-out work pace.</li> <li>• Unnecessary aggression.</li> </ul>	<ul style="list-style-type: none"> <li>• Stinginess.</li> <li>• Unrealistic targets.</li> <li>• Waste.</li> </ul>
Avoid your personal blind spots that...	<ul style="list-style-type: none"> <li>• Takes the easy route to a quick fix.</li> <li>• Is overly aggressive.</li> <li>• Is too fast.</li> <li>• Is bad with people.</li> </ul>	<ul style="list-style-type: none"> <li>• Takes the easy route to a quick fix.</li> <li>• Is myopic.</li> <li>• Is unrealistic in demands.</li> <li>• Is bad with people.</li> </ul>
When looking for examples of Speed and/or Profits, consider...	<ul style="list-style-type: none"> <li>• Large, diversified, public companies.</li> <li>• Financial institutions.</li> <li>• Leaders in large industries.</li> </ul>	<ul style="list-style-type: none"> <li>• Large, diversified, public companies.</li> <li>• Financial institutions.</li> <li>• Leaders in large industries.</li> </ul>
Specifically...	Microsoft	General Electric

## IF YOU ARE A “RED” (CONTROL QUADRANT)...

The Control quadrant is an internal process model and adheres to a traditional notion that organizing occurs in a highly structured and hierarchical way. The Control quadrant represents a cross between an internal, process-oriented focus and a stable organizational structure. Organizations that are anchored in this quadrant minimize risk, focus on details and continuous improvement, and are strategic in their actions and resources they cultivate.

**Leader types:** Coordinator, monitor, and organizer.

**Value drivers:** Efficiency, timeliness, consistency and uniformity.

**Theory of effectiveness:** Control and efficiency with capable processes produce effectiveness.

**Culture type:** Hierarchy.

**Metrics associated with the Create quadrant:** Quality; gross margin (a price premium of higher quality products and services drives gross margin as defined by the sum of sales revenue less cost of goods sold, divided by sales revenue); efficiency; and asset turnover (sales, divided by assets in a given year).

**Advantages to being anchored in this quadrant:**

- Incremental improvements frequently materialize.
- High quality and consistency yield organizational success.
- The organization focuses on the long-term.

**Drawbacks to being anchored in this quadrant:**

- Taken to an extreme, organizations become static bureaucracies.
- Radical ideas are often suppressed.
- Goals and metrics become ends rather than means to an end.

**How the Control quadrant relates to the other quadrants:**

- Complements the Collaborate and Control quadrants.
- Contrasts with the Create quadrant.

TABLE 7 – THE RELATIONSHIP BETWEEN THE CONTROL QUADRANT AND THE OTHER CVF QUADRANTS

Control	If <u>you</u> are a “Red”	If <u>your team</u> is “Red”	If <u>your business unit</u> is “Red”	If <u>your firm</u> is “Red”
<b>Then...</b>	You will create value through your attention to detail and your ability to recognize incremental opportunities.	Value is created when the team’s long-term reliability and consistency are institutionalized as best practices or processes.	Value is created when it connects practices, processes, and systems with growth objectives.	Value is created through consistent identification of growth projects from the careful ongoing evaluation of practices and processes.
<b>And you work with “Yellows” (Collaborate), then...</b>	Your relationship with these individuals will succeed when you place a collective emphasis on learning to do things the right way.	Your team will create value with other teams when best practices for doing things the right way are shared.	Your business unit will successfully create value with other units when structured learning systems are built and shared.	Your firm will create value with other firms through the nurturing of long-term and trusting relationships that build industry specific knowledge and practices.
<b>And you work with “Blues” (Compete), then...</b>	Your relationship with these individuals will succeed when there is a mutual interest in minimizing some sort of risk.	Your team will create value with other teams when there is a mutually specific goal that minimizes risk and maximizes return on investment.	Your business unit will successfully create value with other units through key projects with clear goals, timelines, responsibilities, and outcomes.	Your firm will create value with other firms when there are clear objectives for and resources available to mutual ventures. Ventures will be transaction based and will focus more on the outcome of the exchange rather than the exchange itself.
<b>And you work with “Greens” (Create), then...</b>	The difficulties in your relationship with these individuals will center on matters of risk. Others will perceive your assessment of risk and caution as an obstruction of ideas and progress. Make sure your concerns are reasonable and look for ways to turn these concerns into opportunities for new ideas.	Your team will have a difficult time working with other teams because of disagreements about the nature of new ideas. Greens will appear to disrespect the practicality and feasibility of these ideas. Your team should use its expertise to help the other team develop a proof of concept of the actual idea while recognizing that some degree of failure is normal during this stage.	Your business unit will have a difficult time with other units because of conflicting views on the ways in which the company should pursue growth. Both sides will have a difficult time balancing and evaluating risk and reward. Your unit must recognize that some risk is necessary for growth. Look for common ground that represents reasonable risk but yields significant growth potential.	Your firm might find it challenging to partner with Create quadrant firms on a macro-level. Instead, look to these firms as a potential resource for ideas. A formal partnership might not work, but consulting, solutions-oriented, or technology transfer arrangements might be more appropriate.

TABLE 8 – CONTROL QUADRANT METRICS AND OUTCOMES

Control Quadrant	Efficiency...	Quality...
Key performance metrics	Asset turnover - sales, divided by assets in a given year.	Gross margin - a price premium of higher quality products and services drives gross margin, as measured by the sum of sales revenue, less cost of goods sold, divided by sales revenue.
Additional metrics	<ul style="list-style-type: none"> <li>• Unit cost.</li> <li>• Target versus cost achievement.</li> <li>• Actual versus planned production.</li> <li>• Days supply of finished goods inventory.</li> <li>• Percentage of backorders.</li> <li>• Percentage of achieved milestones.</li> <li>• Percentage of on-time deliveries.</li> <li>• Total interest cost savings.</li> <li>• Labor productivity variance.</li> <li>• Throughput time.</li> </ul>	<ul style="list-style-type: none"> <li>• Percentage of initial quality.</li> <li>• Percentage of scrap.</li> <li>• Number of safety violations.</li> <li>• Number of product failures by product group.</li> <li>• Improvement on error or defect rate.</li> <li>• Percentage reduction in redundancy or waste.</li> <li>• Number of engineering changes after release (manufacturability).</li> <li>• Percentage of certified suppliers.</li> <li>• Number of warranty claims.</li> </ul>
To achieve Efficiency and/or Quality, your organization should nurture...	<ul style="list-style-type: none"> <li>• Cost control.</li> <li>• Regulation.</li> <li>• Monitoring.</li> <li>• Improvement.</li> <li>• Stability.</li> </ul>	<ul style="list-style-type: none"> <li>• Reliability.</li> <li>• On-time delivery.</li> <li>• Process improvement.</li> <li>• Technical capability.</li> <li>• Systems and technology.</li> </ul>
Companies that emphasize Efficiency and/or Quality, have a tendency to...	Innovate and grow through stability and incremental improvement.	Innovate and grow through incremental improvement and the development of internal capability.
When your company excels at nurturing Efficiency and/or Quality, it does so by...	<ul style="list-style-type: none"> <li>• Policies and regulation.</li> <li>• Driving of improvements.</li> <li>• Seeking better, faster, and cheaper.</li> <li>• Data-driven standards.</li> <li>• Monitoring of controls.</li> <li>• Elimination of error and variation.</li> </ul>	<ul style="list-style-type: none"> <li>• Systems and technology to ensure quality.</li> <li>• Superior capability through incremental improvement.</li> <li>• Regular process review</li> <li>• Smooth operations</li> <li>• Consistency of brand value</li> </ul>
Companies that emphasize Efficiency and/or Quality, have organizational cultures characterized by...	<ul style="list-style-type: none"> <li>• Structure.</li> <li>• Rules and policies.</li> <li>• Risk aversion.</li> <li>• Cost control.</li> <li>• Specialization of functions.</li> <li>• Task focus.</li> <li>• Preservation of order.</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement-focus.</li> <li>• Technology emphasis.</li> <li>• Best practices.</li> <li>• Workflow management.</li> <li>• Emphasis on troubleshooting.</li> <li>• Data focus.</li> <li>• Smooth operation.</li> <li>• Best-in-class focus.</li> </ul>
Individuals who excel at building Efficiency and/or Quality, have the following leadership characteristics...	<ul style="list-style-type: none"> <li>• Administrator.</li> <li>• Technologically adept.</li> <li>• Conservative of resources.</li> <li>• Standardizing.</li> <li>• Diligent.</li> </ul>	<ul style="list-style-type: none"> <li>• Engineer.</li> <li>• Technologically adept.</li> <li>• Dependable and reliable.</li> <li>• Systems thinker.</li> <li>• Diligent.</li> <li>• Technical expert.</li> </ul>
When leading a culture that is oriented toward Efficiency and/or Quality, avoid such blind spots as...	Assuming that laws, policies, and procedures can be circumnavigated; have a system in place for double-checking adherence to such standards.	Assuming that operationalizing an idea at scale can be done without details or planning phases; run simulations and other models that test scaled ideas under various scenarios.
Avoid such culture blind spots as...	<ul style="list-style-type: none"> <li>• Excessive control.</li> <li>• Idea retardation.</li> <li>• Distrust.</li> <li>• Ignorance of people.</li> </ul>	<ul style="list-style-type: none"> <li>• Predictability.</li> <li>• Micromanagement.</li> <li>• Ignorance of people.</li> </ul>
Avoid your personal blind spots that...	<ul style="list-style-type: none"> <li>• Over analyzes.</li> <li>• Gets lean and mean.</li> <li>• Ignores new ideas.</li> <li>• Lacks social skills.</li> </ul>	<ul style="list-style-type: none"> <li>• Uses best practices as a crutch.</li> <li>• Informs but won't teach.</li> <li>• Lacks social skills.</li> </ul>
Consider...	<ul style="list-style-type: none"> <li>• Manufacturing firms.</li> <li>• Operationally-complex businesses.</li> <li>• Discount retailers.</li> <li>• Governments.</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacturing firms.</li> <li>• Operationally-complex businesses.</li> <li>• Discount retailers.</li> <li>• Governments.</li> </ul>
Specifically...	Wal-Mart	Toyota

## TOP OF THE CVF MODEL: COLLABORATE/CREATE

“Yellows” (Collaborate) complement “Greens” (Create). Yellow and Green companies have structures that are flexible, change-oriented, and are generally focused on some degree of long-term excellence. Companies in these quadrants can be identified by their sometimes-unorthodox leadership structures and chains of command. They differ in the scope of their focus. Yellow organizations focus on the people within them and on the social system that those people comprise, while Green organizations emphasize the organization itself and on the logic of resource acquisition for the necessary competition in a market. A Yellow company might prioritize the internal development of intangible knowledge resources, while a Green company might prioritize the acquisition of tangible capital resources.

## BOTTOM OF THE CVF MODEL: COMPETE/CONTROL

“Blues” (Compete) complement “Reds” (Control). Blue and Red companies have stable and rigid structures in place. Formal leadership structures and hierarchies are indicative organizations in these companies. They differ in the scope of their focus. Red companies are rigid in processes and procedures, both of which are aimed at internal operational performance. Blue companies are rigid in financial metrics, which are aimed at external stakeholder performance. Both may employ “dashboard” style systems for monitoring key metrics. A Red company might orient its dashboard toward quality management, which it believes will ultimately drive the bottom line. A Blue company might orient its dashboard toward real time financial management, which it believes will ultimately drive the bottom line.

## RIGHT OF THE CVF MODEL: CREATE/COMPETE

“Greens” (Create) complement “Blues” (Compete). Green and Blue companies are externally focused. Both of these companies are market leaders among their competitors. They differ in the way in which they become leaders. Green companies emphasize the flexibility of ideas and innovation leadership as a means to financial excellence, while Blue companies focus on rigid cost controls and market leadership as a means to financial excellence.

## LEFT OF THE CVF MODEL: CONTROL/COLLABORATE

“Reds” (Control) complement “Yellows” (Collaborate). Reds and Yellows are internally focused. These companies emphasize elaborate systems for continuous improvement, best practices, and training. While companies anchored in both quadrants focus internally, Yellow companies focus on people while Red companies focus on processes. A Yellow company might prioritize frequent performance reviews and continuous employee feedback, while a Red company might prioritize frequent after-action reviews.

## COMPETING VALUES AND OTHER ORGANIZATIONAL TOOLS

The CVF links *People*, *Practices*, and *Purposes* to organizational outcomes, allowing companies to appropriately strategize priorities in order to achieve specific innovation and growth objectives. The CVF also complements many other organizational tools that companies routinely utilize. Collectively, these tools help leaders make sense of their organizations and gain a clearer snapshot of their people and their teams.

TABLE 9 – CVF QUADRANTS AND THEIR RELATIONSHIP TO OTHER ORGANIZATIONAL TOOLS

Other Tools	Collaborate	Create	Compete	Control
Herrmann Brain Dominance	<b>“Teamist”</b> Limbic (Emotional processing). Right (Holistic). Characteristics: Interpersonal, emotional, people-oriented, helping.	<b>“Imaginist”</b> Cerebral (Intellectual processing). Right (Holistic). Characteristics: Integrative, imaginative, insightful, visionary.	<b>“Producer”</b> Limbic (Emotional processing). Left (Analytical). Characteristics: Organized, planned, detailed, business.	<b>“Analyst”</b> Cerebral (Intellectual processing). Left (Analytical). Characteristics: Logical, analytical, technical, financial.
Myers-Briggs	<b>Feeling</b> – the way in which information is evaluated and decisions are made. <b>Extroversion</b> – the source of Energy.	<b>Intuiting</b> – the way in which information is gathered. <b>Perception</b> – external persona.	<b>Thinking</b> – the way in which information is evaluated and decisions are made. <b>Introversion</b> – source of energy.	<b>Sensing</b> – the way in which information is gathered. <b>Judgment</b> – external persona.
DISC Assessment	<b>“Influence”</b> Active/people-oriented. <b>“Steadiness”</b> Passive/people-oriented.		<b>“Dominance”</b> Active/task-oriented.	<b>“Conscientious”</b> Passive/task-oriented.
Situational Leadership	Ambidextrous leaders move among directing, coaching, supporting, and delegating.	Ambidextrous leaders move among directing, coaching, supporting, and delegating.	Ambidextrous leaders move among directing, coaching, supporting, and delegating.	Ambidextrous leaders move among directing, coaching, supporting, and delegating.

## ACTION STEPS YOU CAN TAKE, NOW

- 1 Take the individual Competing Values assessment for free at [www.CompetingValues.com](http://www.CompetingValues.com).
- 2 Use the assessment to take an inventory of *People* (yourself and your team), *Practices* (corporate culture and competencies), and *Purposes* (outcomes, or value the organization intends to create).
- 3 Map out the assessment results in all four quadrants, creating a picture of the current state of innovation and growth. It reveals strengths and weaknesses, as well as the competencies and gaps that will need to be addressed in order to reach desired goals and outcomes.
- 4 A group of key leaders (who have the ability to shape or influence management practices) should review the assessment results along with the situation (outside forces such as customers, trends, or competition) and determine the strategic goals.
- 5 Working from the outcome desired, plan the changes on a personal level, team level, and on an organizational level (what to do more, do less, stop, improve, or do the same). Recognize that in order to begin something new, it will likely mean that you will have to scale back something else. Resources are limited, so make the choices that create value.
- 6 Use the next four tables (Tables 10-13) to help you and your team determine what needs to be done next. You and your team will need to consider the assessment results and the leaders' recommendations in order to determine an appropriate course of action.
- 7 Use Table 14 to summarize your course of action. Table 15 is an example of what a course of action might resemble.

TABLE 10 – USING THE COLLABORATE QUADRANT AS A STRATEGIC PRIORITY

If You Need to be More “Yellow”...		
	Community...	Knowledge...
Examples of actions you can take that impact...	<ul style="list-style-type: none"> <li>Involve people who will be affected by change in the planning and implementation.</li> <li>Allow people to talk about their reactions and feelings, especially when they feel that they are losing something due to change.</li> <li>Identify a change champion in your organization, and work with them to support and initiate change.</li> <li>Hold feedback meetings in order to give employees the opportunity to express their feelings about how the change is going.</li> </ul>	<ul style="list-style-type: none"> <li>When planning change, ensure that objective, responsibilities, time frame, etc. are defined and clearly communicated to people and then give them freedom to experiment.</li> <li>Tell people what you think the change will mean for them and then request and listen to their feedback and reactions.</li> <li>Ask for a lot of advice in a change situation</li> <li>Meet with someone who has successfully implemented change. Discuss the steps that were taken throughout the change process. Review your own plans for change with this person.</li> </ul>
Examples of priorities that your team can determine that impact...	<ul style="list-style-type: none"> <li>Creating a sense of cohesion in the organization.</li> <li>Establishing shared values among people.</li> <li>Facilitating conflict resolution.</li> <li>Integrating personal and professional goals.</li> <li>Encouraging commitment.</li> </ul>	<ul style="list-style-type: none"> <li>Training, mentoring, and coaching.</li> <li>Develop a learning organization.</li> <li>Building cross-functional teams.</li> <li>Nurturing communities of practice.</li> <li>Organizational competency and culture development.</li> </ul>

TABLE 11 – USING THE CREATE QUADRANT AS A STRATEGIC PRIORITY

If you need to be more “Green”...		
	Innovation...	Growth...
Examples of actions you can take that impact...	<ul style="list-style-type: none"> <li>Hold idea-sharing events in your work setting such as cross-functional task forces, focus groups, and book reviews. The idea is to address questions such as – <i>What is new? What problems do we have that we don't expect anyone to solve?</i></li> <li>Encourage action learning. Try things first. Then analyze what you have learned from success or failure. Don't wait until you are certain of success before you take action.</li> <li>Purposefully take a risk in your decisions by trying a new alternative solution or a different process.</li> <li>Create a file of new ideas. Each time you think of something innovative related to your work, write it down, and file it.</li> </ul>	<ul style="list-style-type: none"> <li>Establish goals, and hold people accountable for producing innovative ideas. Make it part of everyone's job description.</li> <li>Establish a “practice field” that is separated from normal daily work where new ideas can be tried and low-cost experimentation can occur. This could be an actual physical location with time off and some resources.</li> <li>Create a climate in which people feel free to fail and admit it. Remember that the best baseball hitters succeed only 33% of the time.</li> <li>Generate as many options as you can during problem identification and the generation of alternatives in a problem-solving process.</li> </ul>
Examples of priorities that your team can determine that impact...	<ul style="list-style-type: none"> <li>Jumpstarting breakthrough experiments.</li> <li>Launching radical change programs.</li> <li>Stimulating people to think creatively.</li> <li>Destroy the old way of doing things.</li> <li>Hiring and staffing for diversity.</li> <li>Creating a flexible and open workplace.</li> </ul>	<ul style="list-style-type: none"> <li>Forecasting the future.</li> <li>Launching entrepreneurial ventures and spin-offs.</li> <li>Developing new products and services.</li> <li>Speculating emerging opportunities.</li> </ul>

TABLE 12 – USING THE COMPETE QUADRANT AS A STRATEGIC PRIORITY

If you need to be more “Blue”...		
	Speed...	Profits...
Examples of actions you can take that impact...	<ul style="list-style-type: none"> <li>Give customers what they want the first time, every time, then work toward exceeding those expectations, and surprise them with levels of service they would never expect or request.</li> <li>Keep track of trends and predictions of the future of your industry or sector. Monitor what is happening demographically with your competitors, foreign and domestic.</li> <li>Acknowledge and legitimize improvements that save as little as one second.</li> <li>Never let 24 hours pass without asking at least one customer what they want. Constant inquiry will produce a constant flow of ideas.</li> </ul>	<ul style="list-style-type: none"> <li>Identify cutting-edge organizations that to establish trends in their businesses. Based on what you observe, project a future for your organization. What will you have to do in order to achieve world-class status?</li> <li>Acknowledge and legitimize improvements that save as little as one cent.</li> <li>Make continuous improvements a key feature of the vision that was articulated for your unit.</li> <li>Make it easy for employees as well as customers to complain and give suggestions. Make the assumption that more input is better. Actively seek improvements from employees and customers.</li> </ul>
Examples of priorities that your team can determine that impact...	<ul style="list-style-type: none"> <li>Deploying small elite troubleshooting project teams.</li> <li>Quickly eliminating underperforming initiatives.</li> <li>Confronting problems as soon as they occur.</li> <li>Making real time decisions in a fast moving workplace.</li> <li>Driving through barriers.</li> </ul>	<ul style="list-style-type: none"> <li>Driving for superior returns on investments.</li> <li>Focusing on a few quantifiable performance objects.</li> <li>Rewarding high performance disproportionately from others.</li> <li>Maximizing value through project portfolio management.</li> <li>Initiating mergers and acquisitions.</li> </ul>

TABLE 13 – USING THE CONTROL QUADRANT AS A STRATEGIC PRIORITY

If you need to be more “Red”...		
	Efficiency...	Quality...
Examples of actions you can take that impact...	<ul style="list-style-type: none"> <li>Learn to use computer software packages to forecast and monitor work (e.g. budget, human resources).</li> <li>Use computer software packages to monitor and measure work processes and outcomes.</li> <li>Break problems and issues apart into smaller components in order to thoroughly understand details.</li> <li>Repeatedly ask “why” questions regarding unclear processes.</li> <li>Refuse to be intimidated by confusing processes. Ask, probe, and discuss until you do.</li> </ul>	<ul style="list-style-type: none"> <li>Measure improvement, not just task or goal accomplishment.</li> <li>Institute regular audits of each unit in your organization in order to find ways to improve it.</li> <li>Establish past performance as the standard against which to measure success.</li> <li>Critically analyze the key reports that are produced by and for your unit in order to assure accuracy and usefulness.</li> </ul>
Examples of priorities that your team can determine that impact...	<ul style="list-style-type: none"> <li>Conserving fiscal resources.</li> <li>Implementing systems to control complex tasks.</li> <li>Making internal work processes routine.</li> <li>Employing technology on a large scale.</li> <li>Compelling suppliers to reduce costs.</li> <li>Establishing clear roles and responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>Applying quality control systems to prevent costly mistakes.</li> <li>Complying with regulations.</li> <li>Adhering to professional standards.</li> <li>Using continuous improvement processes.</li> </ul>

TABLE 14 – A TEMPLATE FOR TAKING ACTION

Taking Action Template	Strategic Priority #1	Strategic Priority #2	Strategic Priority #3	Strategic Priority #4
Practices that need to start				
Practices that need to stop				
Measures that support the Practices				
Behaviors				
Action Steps				
Person who owns the Strategic Priority				
Deliverable Date				

TABLE 15 – EXAMPLE, TEMPLATE FOR TAKING ACTION

Taking Action Template	Practices that need to start	Practices that need to stop	Measures that support the Practices	Behaviors	Action Steps	Person who owns the Strategic Priority	Deliverable Date
<b>Strategic Priority #1</b> <b>Create Quadrant</b>	<ul style="list-style-type: none"> <li>Become familiar with other teams</li> <li>Network with colleagues</li> </ul>	<ul style="list-style-type: none"> <li>Over-analysis</li> <li>Hostility towards new ideas</li> </ul>	<ul style="list-style-type: none"> <li>Inventory of ideas</li> <li>List of potential projects stemming from ideas</li> </ul>	<ul style="list-style-type: none"> <li>Creative thinking</li> <li>Free exchange of ideas</li> <li>Brainstorming</li> </ul>	<ul style="list-style-type: none"> <li>Establish an innovation coordinating group</li> <li>Create idea spaces</li> </ul>	Jay Grant	Two months from Today
<b>Strategic Priority #2</b> <b>Compete Quadrant</b>	<ul style="list-style-type: none"> <li>Set definitive timelines</li> <li>Increase awareness of competitors</li> </ul>	<ul style="list-style-type: none"> <li>Group-think</li> <li>Complacency</li> </ul>	<ul style="list-style-type: none"> <li>Comparative reports of our company against competitors</li> <li>Detailed project time lines</li> </ul>	<ul style="list-style-type: none"> <li>Observe competitors' actions</li> <li>Increasingly read market trendnews</li> </ul>	<ul style="list-style-type: none"> <li>Update project management software</li> <li>Update dashboard tracking software</li> </ul>	Pat Smith	Three months from Today
<b>Strategic Priority #3</b> <b>Control Quadrant</b>	<ul style="list-style-type: none"> <li>Energy reduction</li> <li>Waste recycling</li> </ul>	<ul style="list-style-type: none"> <li>Traditional waste disposal</li> </ul>	<ul style="list-style-type: none"> <li>Waste reduction reports</li> <li>Energy usage reports</li> </ul>	<ul style="list-style-type: none"> <li>Ecological awareness training</li> <li>Environmental impact training</li> </ul>	<ul style="list-style-type: none"> <li>Update the company recycling guidelines</li> <li>Launch a 'green' energy initiative</li> </ul>	Terry Green	Four months from Today
<b>Strategic Priority #4</b> <b>Collaborate Quadrant</b>	<ul style="list-style-type: none"> <li>Become familiar with other teams</li> <li>Learn how to give constructive feedback</li> </ul>	<ul style="list-style-type: none"> <li>Traditional performance reviews</li> </ul>	<ul style="list-style-type: none"> <li>Employee satisfaction surveys</li> </ul>	<ul style="list-style-type: none"> <li>Continue to offer spontaneous feedback</li> </ul>	<ul style="list-style-type: none"> <li>Plan a company retreat</li> <li>Launch 360 feedback assessment</li> </ul>	Tim Wells	Six months from Today



## Jeff DeGraff—Making Innovation Happen



Known as the 'Dean of Innovation,' Jeff DeGraff is a Professor at the University of Michigan's Ross School of Business, teaching MBA and Executive Education courses, and the Co-Creator of the Competing Values methodology that integrates finance, strategy, management, innovation, and leadership into a system that boosts the business bottom-line. As the Managing Partner of the Competing Values Company, a consulting firm that assists leaders in facilitating change, innovation and growth, DeGraff has developed a broad array of tools that make innovation happen. He has significant experience in numerous industries and market segments and he has worked all over the world. Representative clients would include 3M, American Express, Apple Computers, GE, Johnson & Johnson, LG, Pfizer, Reuters, Toyota, and Yahoo. DeGraff has shared his expertise with many publications such as *BusinessWeek*, *CIO*, *Leadership Excellence*, *T+D* (Training + Development), *Training*, and *USA Today*. He has written numerous articles and three books: *Leading Innovation: How to Jump Start Your Organization's Growth Engine* (McGraw-Hill, 2006), *Competing Values Leadership* (Edward Elgar, 2006), and *Creativity at Work: Developing the Right Practices to Make Innovation Happen* (Jossey-Bass, 2002).