



Welcome to recent posts from the Stemke Consulting Group’s [Know-How blog](#). Our purpose is to share ideas and stimulate discussion to help you achieve outcomes in business growth, talent development, cost optimization and innovation.

In this issue we focus on business growth strategies with a deeper dive on increasing productivity and successful innovation practices. Asking questions is becoming recognized as an important element for effective social learning. A review of Michael Marquardt’s book “Leading with Questions” describes how creating a question-friendly environment can be a key to a leader’s success.

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## Ignite Business Growth with Productivity

A top concern of CEOs is business growth and strategies that produce the greatest impact with the least amount of risk and effort. One of the most overlooked strategies is productivity improvement. Focusing on processes, enabling technology, employee performance and retention can have a significant impact on growth without the need for significant capital investment.

**Processes** change over time as new people adapt them to the way they work, leading to unrecognized inefficiencies. Calling teams together to review and streamline their processes creates savings by reducing cycle time, increasing capacity or eliminating waste. This is a good time to focus on product quality, something that will directly improve sales and customer referrals.

**Information technology** provides both a big picture and a detailed view of all aspects of your operations. Companies like Wal-Mart have discovered new insights and control that keeps costs low and product availability high. This gives them a huge cost advantage over their competition. New social media tools can help develop stronger relationships with your customers.

**Investing in your employees** can return significant value in productivity. There are four main opportunities: accelerating new hire competency, retention, increasing workforce performance and minimizing risk of knowledge loss from departing high-level employees.

You have two goals with new hires: building their knowledge and skills about “how to get work done here” and retaining them for more than a year or two. Accelerating competency cuts the time needed to generate positive cash flow and produces increasing revenue each year.

Retaining employees is becoming a major problem in today’s market as over 80% of employees may be thinking about leaving their current jobs<sup>2</sup>. Turnover is expensive. Studies have reported costs of 30-50% of the annual salary to replace entry-level employees, and 300% or more for specialized, high level employees and managers<sup>3</sup>. My experience is that

investing in employee development can significantly increase retention.

What if all of your employees could perform at levels closer to the best? Managers know their top performers. There are straightforward ways to help your experts identify details of how they work and then mentor others to spread knowledge and increases capabilities. Reinforcing these behaviors can lead to a more collaborative culture and significant gains in productivity.

Do you have highly skilled employees with unique expertise? It is a good practice to develop succession plans for them that provides enough time for shadowing and mentoring .When you only have a few months there are ways to elicit the essential expertise. Your successor won’t be performing at the expert’s level, but will have a great head start on recognizing and handling the most critical situations.

So, where should you start? One suggestion is a business growth opportunity assessment covering areas of marketing, customer relationship, productivity, innovation, cost reduction and talent development. This will help you develop your own risk-prioritized opportunities to take your business to the next level.

1. [How to Increase Your Profits – A Checklist](#)
2. [84% of Workers Looking to Leave Jobs](#), CBS
3. [Costs of Employee Turnover](#), AARP, 2011

## Innovation: Critical Success Factors

Is your organization well prepared to innovate? A recent study by PricewaterhouseCoopers<sup>1</sup> describes some of the structure and organizational commitment that are important for moving ideas to market. They spotlight critical success factors such as: leadership, innovation processes, culture, customer involvement, measuring results and new skills.

Leadership has two important roles: defining growth targets and molding a culture that supports innovation and taking risks. Reinforcement of behaviors such as creativity, open-mindedness and learning from failure must be strong, consistent and cascaded through all levels of management. It may take a few years for employees to fully engage, especially in a formerly risk adverse environment.

Innovation does not often come from lucky accidents. It needs a formal process for moving ideas through incubation, testing and refining feasibility and marketability, selection and scale-up. The number of people involved will grow from small teams

of 5-10 to large groups needed to support commercial operations and marketing.

Current customers must be the focus of discussions about desired improvements in core products. New methods are available to uncover unmet needs of potential customers who aren't yet purchasing.

Measuring progress and the return on innovation investment is essential. A number of measures that can demonstrate the payoff such as: percent of revenue from products introduced in the last 3 years, time to market, new product growth or profitability rate, and customer satisfaction.

Perhaps the most important success factor is employee skills. A recent Deloitte report<sup>2</sup> states that innovation success is not limited to the work of a small team. It touches many areas of the business such as services, processes, business models, operations and marketing. Skills such as out-of-the-box and critical thinking, problem solving, risk management, voice of the customer techniques, relationship management and collaboration will increase your success rate.

New roles such as visionary, idea generator, integrator, roadblock remover and ethnographer are being recognized. You'll probably need all of these on your innovation team.

While innovation is the goal of this article, the efforts spent developing these critical success factors will have impact across your entire organization.

1. [14<sup>th</sup> Annual CEO Survey](#), PricewaterhouseCoopers, 2011
2. [Human Capital Trends 2012](#), Deloitte LLC, 2012

## Book Review: Leading with Questions

"[Leading With Questions](#)", by Michael Marquardt, Jossey-Bass (2005)

[Asking good questions](#) is a best practice for knowledge transfer. In this book, Marquardt describes "how leaders find the right solutions by knowing what to ask." According to the Center for Creative Leadership, the ultimate key to a leader's success is the ability to ask effective questions and to encourage others to do this. The author provides practical advice that teaches how to ask, listen effectively and create the environment where asking questions encourages thinking and improvement.

A questioning culture becomes "we" instead of "you versus me". Responsibility, problems and ideas are more readily shared. Some signs include: willingness to admit "I don't know" or, asking in a positive frame such as "what have you accomplished" rather than "why is the project behind". This leads to increased motivation and job satisfaction.

Empowering questions tend to foster ideas and creative solutions rather than defensiveness and doubt. This helps to

move issues off the leader's plate and towards ownership by others. Examples include:

- How do you feel about the project thus far?
- What have you accomplished that you are most proud of?
- How would you describe the way you want this project to turn out?
- What key things need to happen to achieve objectives?
- What kind of support do you need to assure success?

Probing questions should not include advice. The goal is to encourage others to come up with answers. It is also important to listen and show interest in the responses.

- What is a viable alternative?
- Can you more fully describe your concerns?
- How would you describe the current reality?
- What are a few options for improvement?
- What will you commit to do by when?

How can leaders make their organization "question friendly?" How can they create a safe environment that promotes inquiry that challenges the current state in a way that promotes productive dialog? Some examples include asking your team to be prepared to present and defend a perspective on a current issue at your next meeting, or framing the agenda using critical questions that need to be addressed.

Marquardt offers a four step model to for effective coaching:

1. Develop relationships through an attitude of reflection, honesty and learning. Asking "what was on your mind when you did this" or "what values caused these actions" helps connect with people who are struggling with issues.
2. Analyze your conversations and relationships to understand differences in approach. For example if you sense that there are different assumptions, explain yours and encourage your colleague to do the same. These unstated assumptions tend to lead to more argument than satisfactory resolution.
3. Listen carefully and ask questions if you aren't sure of what the speaker is trying to say. Paraphrasing what you heard is an effective way to do this.
4. Plan actions only after others have had the opportunity to think through their own problems. Ask for their recommendations instead of jumping in with your own quick solutions.

Three good questions that help build relationships are:

- How can I help you?
- What would you do?
- What would someone else (e.g. a competitor) do?

These will help you work with your team to clarify needs, transfer responsibility and generate great ideas. These ideas can help you evolve from a leader of the past who tells to a leader of the future who asks.

*Learn how you can increase business growth through talent development, innovation and cost reduction.*

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