

Lynne Cunningham's
Book Review

I just read a great book that I think should be added to your Leadership Library.

Book	<i>The Breakthrough Company: How everyday companies become extraordinary performers</i>
Author	Keith McFarland
Pillar of Excellence	All of them – this is a leadership book
Publisher's Book Description	<p>The vast majority of small businesses stay small—and not by choice. Only the most savvy and persistent—a tiny one tenth of one percent—break through to annual sales above \$250 million. In <i>The Breakthrough Company</i>, Keith McFarland pinpoints how everyday companies become extraordinary, showing that luck is a negligible factor. Rather, breakthrough success turns out to be associated with a clearly identifiable set of strategies and skills that anyone in any business can emulate—from small startup to industry leader.</p> <p>Encouraged by experts such as business legend Peter Drucker and <i>Good to Great</i> author Jim Collins to identify the drivers that enable a company to push past the entrepreneurial phase, McFarland spent five years building and analyzing the world's largest growth-company performance database and interviewing more than 1,500 growth-company executives on four continents. His goal was simple: to identify the secrets of breakthrough.</p> <p><i>The Breakthrough Company</i> is the result. Winnowing a study pool of more than 7,000 companies down to nine that have made the transition to major-player status, McFarland highlights real-world tools and myth-busting insights that can be used by anyone wanting his or her business to join this exclusive circle. Among the book's takeaways:</p> <ul style="list-style-type: none"> • Common wisdom holds that the founders and core entrepreneurial leaders of a company must step aside for the business to reach the next level. Not true—as long as founders “crown the company” instead of themselves. • It's not reckless to make ever-escalating bets on your company's future, even going nose to nose with competitors many times your size. In fact, it turns out that the only safety comes in constantly upping the ante in exactly this way. • A Business Bermuda Triangle does exist, gobbling up companies on the verge of breakthrough. • However good you are—or think you are—you can't do it alone. Learn how to surround your company with networks of outside resources, aka “scaffolding,” and how to enlist the aid of “insultants”—people who are willing to question a firm's existing assumptions and ways of doing business.
LC Review	An excellent book with applications whether you have your own business or are developing and nurturing a cost center within a larger organization. The book has good chapter summaries which review key points, highlight skills and offer tips. The “squirts from the grapefruit” are excellent – these are findings that surprised the researchers.

Page	<i>Lynne suggests that you pay special attention to some of these features in the book.</i>
5+	<p>What are the characteristics that will separate those that break through from those that don't? And what can we do as leaders to help our organization maximize their potential for breakthrough?</p> <p>We studied more than 7000 companies, talked to more than 1500 key executives, and reviewed and cataloged more than 5600 articles, annual reports and studies.</p>
14	If you are not investing in making life better for your customers, your competitors will be.
18+	<p>Here are a few of the surprises we uncovered:</p> <ol style="list-style-type: none"> 1. The most interesting companies may not operate in the markets that Wall Street and the business press consider interesting or "cool." 2. Sticking to the knitting won't always get you there. 3. Don't look for extraordinary people; build a place where ordinary people can do extraordinary things. 4. It's not about where (or whether) you went to school. 5. You don't always need other people's money. 6. How employees feel about working in a place is a significant driver of success.
27	<i>The bottleneck is always at the top of the bottle.</i> Peter Drucker
36+	<p>Can Entrepreneurial Leaders' Strengths Work Against Them?</p> <ul style="list-style-type: none"> ▼ They're great at figuring stuff out ▼ They can change direction at the drop of a hat ▼ They're great at juggling a lot of balls at once ▼ If there is a shot at the buzzer – they want to be the one to take it ▼ They're driven, driven, driven ▼ They're loyal to a fault
46+	<p>Keys to Crowning the Company</p> <ul style="list-style-type: none"> ▼ Crown the customer first ▼ Aim high ▼ Avoid the trappings of corporate royalty ▼ Shift from commander to coach ▼ Don't let loyalty become a liability ▼ Encourage "chaotic communication" ▼ Cut people in on the action

63	We teach our managers to swing for home runs; we can't continue to grow if we settle for singles.
66+	<p>What Makes Some Entrepreneurial Leaders Avoid Big Bets?</p> <ul style="list-style-type: none"> ▼ Psychology ▼ Low expectations ▼ Family pressures ▼ Employee resistance ▼ Investor interests ▼ Cultural setting
78	The breakthrough companies we studied all combined a willingness to place bigger and bigger bets with the skill of placing the right bets. As we talked with the breakthrough executives about how they decide which bets to place, they described a process we call "peeling the onion" on an investment decision. Peeling the onion, it turns out, is shorthand for a process of engaging in a spirited debate about which bets will best propel a company toward its strategic objectives.
99+	<p>Character-istics of Breakthrough Companies</p> <ul style="list-style-type: none"> ▼ Give folks a fair deal ▼ Believe in people ▼ Be a strategic miser ▼ Make your word count
111	There is no substitute for doing what you say you are going to do. Aligning words and deeds is the single most important building block in creating strong company character.
122	That's when we began to posit that the difficulties companies experience in certain stages of growth might be linked with the notion that as companies grow to a certain size, they are forced to rethink how they compete. If a company fails to adapt and build on its advantages when it is small, it is likely to lose its way en route to breakthrough performance.
137+	<p>There are key lessons for turning small company advantages into sustaining advantages no matter what industry a company competes in.</p> <ul style="list-style-type: none"> ▼ Sometimes the best way to reduce costs is to spend more money. ▼ Customers are happiest when you stay focused on the business you are already in. ▼ When you do diversify, let your customers lead you.
147	Breakthrough companies build scaffolding, networks of resources outside the company that support their efforts to take the company to the next level.

<p>150+</p>	<p>We identified several distinct ways that outsiders contributed to a breakthrough company's success:</p> <ul style="list-style-type: none"> ▼ Support: someone to lean on ▼ Perspective: another set of eyes ▼ New ideas: finding the wheel-makers <p>Too many growing companies continually try to reinvent the wheel instead of seeking out the very best wheel-makers.</p> <ul style="list-style-type: none"> ▼ New tools elevating your game ▼ Accountability turning up the heat <p>The research shows that one of the main reasons people participate in peer groups is to hold themselves accountable for improving the performance of their firms.</p>
<p>156+</p>	<p>Types of Scaffolding</p> <ul style="list-style-type: none"> ▼ Peer Networks ▼ Boards and Advisory Boards ▼ Investors ▼ Customers and Vendors ▼ Colleges and Universities
<p>167</p>	<p>When a company botches strategy or misses out on the industry's next big thing, the executive team probably fell victim to one of two common human afflictions:</p> <ol style="list-style-type: none"> 1. Myopia – or short-sightedness – refers to a company's inability to see the forest for the trees. Myopic executives tend to focus more on fighting first and tackling projects close to home, and forget to watch for tectonic changes reshaping the industry. 2. Inertia – executives suffering from inertia fail to take advantage of new opportunities, choosing instead to stand pat in familiar markets, finding comfort in doing business the way they have always done business.
<p>170</p>	<p>Why Companies Need Insultants</p> <ol style="list-style-type: none"> 1. Ideas the CEO initially doesn't like are regularly implemented at our company. 2. Our CEO encourages thinking that challenges our current beliefs.
<p>175+</p>	<p>Insultants are masters at getting their ideas heard, and they never resort to insulting someone. They work quietly within existing systems to get the organization to question its assumptions and change its thinking.</p>
<p>189+</p>	<p>What Difficult Times can Teach</p> <ul style="list-style-type: none"> ▼ Forces you to face the facts ▼ Prompts you to rigorously prioritize ▼ Reminds you that you can count on people

	<p>Cliffs Notes for Graduating From Tough Times U</p> <ul style="list-style-type: none"> ▼ Use your scaffolding ▼ Get to root causes ▼ Communicate, communicate, communicate ▼ Tough times demand action <p>It is during the good times that a company is most at risk. When times are tough, people tend to focus. But without outside pressure, organizations can become complacent and lazy.</p>	
200	When we asked breakthrough company executives what one factor was most important in helping them deal with difficult times, many cited a vigilant attempt to make sure the focus stayed on solving the problem and not on finding someone to blame.	
201	<i>It is not the strongest of the species that survive, not the most intelligent, but the ones most responsive to change.</i> Charles Darwin	
203	<p>There are three places a leader can have the greatest impact on an organization: strategy, people and execution.</p> <p>Traditional strategic planning is dead. Strategy has never been more important.</p>	
208	In today's competitive environment, leaders need to be as concerned with the velocity of strategic learning as they are with the quality.	
209	<p>Strategy learning cycle:</p> <ol style="list-style-type: none"> 1. See something 2. Decide something 3. Do something 4. Learn something 	
213	Maybe the best way to "get the right people on the bus" is to create a bus worth riding on in the first place.	
214+	<p>The No. 1 Job of a Leader: Coaching</p> <p>The breakthrough companies we visited were filled with great coaches – people skilled at helping people do their very best.</p>	
227	Breakthrough is a journey, not a destination. There are no permanent breakthrough companies – only companies that engage in practices leading to long-term success.	
Overall rating	Excellent. Read the review and then read and highlight the book for your own business.	
Publisher and Year Published	2008	Crown Business

Price	\$27.50	Discounted at www.amazon.com
Recommended by	Studer Group President BG Porter in advance of this year's strategic planning retreat	Also available in Kindle edition and as an Audio CD

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