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THE POWER OF DONE

How Business Benefits From the 21st Century Productivity Revolution

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Introduction *by* Brent Frei and Mark Mader

Productivity growth—doing more work faster—is the lifeblood of a nation's economy. And for nearly a century, the United States has benefited from its employees' ever increasing and ever efficient labor output.

Indeed, U.S. productivity growth steadily expanded by about 2 percent a year between 1920 and 1995, enough to double our standard of living every 35 years. Then the Internet arrived, and annual productivity growth shot up to nearly 3 percent between 2000 and 2004.

Productivity growth has slowed since 2004, and nobody is quite sure why. One of the challenges is how to increase productivity in non-automated jobs where knowledge workers have to collaborate and use their judgment and expertise.

Unfortunately, productivity-enhancing technology—which has helped streamline supply chains, automate financial services and make the manufacturing sector more flexible—may not be helping here.

The average company in America now spends between $5,000 and $10,000 per knowledge worker on hardware and software designed to boost productivity. But this technology actually seems to be making us less productive.

Consider the following:

- Interruptions from email, cell phones, instant messaging, text messaging and blogs now eat up nearly 30 percent of each day.
- Add in the endless meetings, and 17 of the 45 hours we spend working each week are currently unproductive, according to Microsoft.
- 54 percent of those surveyed in a 2006 Intel survey indicated that email has a negative impact on stress levels.
- And nearly half the interactions in the office, says McKinsey, are not central to corporate decision-making.

The key, then, is how to counter the discontinuity and distraction in the workplace—the surge of unproductive connectivity—so that constructive and efficient collaboration can take hold. In short, the big question is: How do we get cadres of knowledge workers to productively interact?

Since brainstorming accounts for 5 percent of the work process and getting things done represents the remaining 95 percent, The Power of Done makes the case that companies should deploy next-generation productivity technology that tracks specific work performance—tasks, assignments, responsibilities, milestones, goals and deadlines—in real-time. If this information is transparent and accessible 24 X 7 to all team members or project participants, then accountability will be clearly established. And, in the end, it's accountability that drives results and profits in a collaborative organization.

Technology that helps executives, entrepreneurs and managers understand which employees are doing what—and how well they're doing it—offers a number of core top- and bottom-line benefits:

- It Helps Root Out the Culture of Lackluster Assertiveness—In too many companies today, Email Jockeys make noise, look busy and appear to be engaged because they steadily bombard the organization with online messages. This is hardly a substitute for constructive collaboration, and technology that tracks roles, responsibilities and results will quickly unmask these productivity pretenders.

- It Helps Eliminate the False Sense of Security That Arises From Being on the Same Page—People often emerge from a meeting in which consensus was forged thinking that a project will be magically completed. But agreeing on objectives and actually executing the plan and achieving results are three separate things. Technology that monitors assigned—and completed—tasks in real time ensures that thoughtful consensus leads to hard-core performance.
- It Helps Unleash the "A" Players in an Organization—Daily digital visibility that defines and separates performers from non-performers means that a company's achievers can be identified, nurtured and motivated to drive even greater results; at the same time, the "B" players can be flushed out or provided with additional career development so they don't get in the way of their more productive counterparts.
- It Helps Bring Virtual Multicultural Teams Together—The global economy requires people from almost every continent to collaborate on projects—whether it's a worldwide merger between companies in Manila and Miami or an industrial design effort involving suppliers in Lyons and Los Angeles. Real-time technology that consolidates tasks, defines ownership and establishes deadlines means that time zones and cultural differences don't get in the way of collaborative results.
- It Helps Offset the Undertow of an Uncertain Economy—Companies that track their work—and workers—day in and day out are well- managed organizations. And this 24 X 7 monitoring prepares them for any economic eventuality, including recession. If a downturn hits, for example, and job cuts have to be made, managers know who's really been pulling their weight—and who hasn't. These insights also help make sure that valuable "A" players aren't left holding the fort on their own after workforce reductions have been made.

Looking beyond today, The Power of Done helps explain the next stage of the 21st century's technology-enabled productivity revolution.

In addition to discussing real-time tracking of work inside a single organization, the book describes a more efficient and productive future in which each company's network of suppliers and service providers also monitors its tasks, assignments, ownership and deadlines.

Finally, The Power of Done explains why the much-publicized notion of individual productivity has no real place in the dynamic and collaborative enterprise work environment of the 21st century. In fact, the book's authors believe there should be

an Individual Productivity Tax (IPT) on those who slow an organization down with inefficiencies. The ultimate metric, on the other hand, should be Net Team Productivity (NTP), which would measure the collective effectiveness of multiple people performing multiple interactions in the workplace.

In the end, next-generation productivity-enhancing technology must scale on the Internet so that any company anywhere in the world can log on to a transparent, real-time Global Work Exchange that will show millions of tasks-in-progress and where they and their owners stand at any particular moment.

Digital breakthroughs like this will be necessary to keep the world's high-margin knowledge-job sector vibrant and global productivity growth strong. It's unfortunate, but without serious and sweeping technological innovation, a viral epidemic of inefficiency will course through companies everywhere and the overall standard of living will decline for millions of people.

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Launched in 2006 and based in Bellevue, Washington, Smartsheet.com is a privately-held Software as a Service (SaaS) provider that gives people a fast, easy way to get things done. Smartsheet makes teams more efficient and productive through an innovative easy-to-use online application.

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Prior to this, Frei served as CEO of Onyx Software Corp., a Bellevue-based customer relationship management (CRM) software company he co-founded in 1994.

After starting out at Motorola, the early part of Frei's career was spent as a programmer analyst with Microsoft Corporation.

In 2001, the Smithsonian Institute recognized Frei as a "Pioneer in Technology." In 1997, Ernst and Young named him an "Entrepreneur of the Year."

Frei received his bachelor's degree in engineering from Dartmouth's Thayer School of Engineering and a BA in engineering sciences from Dartmouth College.

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An expert in the rapidly emerging field of Collaborative Productivity, Mader has recently spoken at high-profile conferences like Enterprise 2.0 in Boston, Under the Radar in Silicon Valley and Office 2.0 in San Francisco.

Prior to launching Smartsheet.com, Mader was senior vice president of global services at Onyx Software Corporation, where he led the professional services and software maintenance groups in the Americas, Europe, Japan, Southeast Asia and Australia. He was also a director of Onyx KK, a joint venture in Japan.

Before joining Onyx in 1995, Mader worked at Greenwich Associates as an associate focusing on European financial markets.

He graduated from Dartmouth College with a Bachelor of Arts Degree in Geography in 1992.

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Chapter 1

THE PRODUCTIVITY PARADOX

If there were a Productivity Hall of Fame, John Deere would definitely occupy a place of prominence. The 19th century inventor introduced his cutting-edge steel plow with a polished and curved blade in 1837, at a time when cast-iron plows were used to till America's rich, fertile soil.

If there were a Productivity Hall of Fame, John Deere would definitely occupy a place of prominence. The 19th century inventor introduced his cutting-edge steel plow with a polished and curved blade in 1837, at a time when cast-iron plows were used to till America's rich, fertile soil.

Deere's sharp innovation revolutionized agriculture. Tilling an acre of land with a spade required 96 hours; plowing an acre with a yoke of oxen and a crude wooden plow took 24 hours; Deere's steel plow reduced the time to 5-8 hours; and by 1998, a 425-horsepower John Deere 9400 four-wheel-drive pulling a 15-bottom plow tilled an acre every 3.2 minutes—about 1,800 times faster than the person who spaded each acre.

Eli Whitney, the inventor of the cotton gin and firearms, manufactured promoting the idea of interchangeable parts, and Johannes Gutenberg, who brought the printing press to life, would also be inducted into the Productivity Hall of Fame. Whitney radically restructured manufacturing, helping to establish efficient business operations in the process; Gutenberg eliminated the incredibly time-consuming act of copying books by hand.

Another sure-fire member of our pantheon of productivity would be the software design team of Dan Bricklin and Bob Frankston, who brought VisiCalc, the first electronic spread sheet, to market. Accounting hasn't been the same for nearly a generation.

Deere, Whitney, Gutenberg, Bricklin and Frankston each made it possible—and easier—for us to do more work faster.

That's the nature (and informal definition) of productivity. And productivity is the life-blood of a nation's economy. It always has been and always will be.

Throughout history, the world leaders have also been the productivity leaders. During the 15th and 16th centuries, for example, Northern Italy's merchants consistently outpaced their Renaissance rivals when it came to output per unit of input; in the 17th and early 18th centuries, the traders of Rembrandt's Dutch Republic were the global productivity powers who got more than anyone else from less; the manufacturers of Great Britain seized that mantle in the late 18th and 19th centuries; and America's assembly line culture, spurred by Henry Ford and General Motors' Alfred Sloan, took

charge in the 20th century.

The vagaries of history make it difficult to calculate an apples-to-apples productivity comparison for each of these advanced societies. We do know this, however—Northern Italy, Holland, Great Britain and the U.S. in the early 20th century weren't the largest nation-states on the planet, but they were the most productive and affluent.

And once the Model-T's started rolling, America's labor productivity growth really started surging, averaging about 2 percent each year. That growth rate helped double the U.S. standard of living every 35 years. In 1850, for instance, one farm worker could feed four people; by 1980, one farm worker was feeding 78 people.

As the hyper-prosperous high-tech 1990's unfolded, Americans were living better than at any time in our history. Indeed, the Internet truly accelerated the U.S. productivity revolution, pushing annual labor productivity growth up to 2.5 percent between 1995 and 2000, and 2.8 percent between 2000 and 2004.

Productivity growth has slowed since 2004, however, and nobody is quite sure why.

Certainly, technology has done its job. In the wake of downsizing, budget cuts, re-engineering and outsourcing, it has stepped up and filled in the gaps at company after company. As a result, supply chains are efficient and lean, the financial services industry is automated, and manufacturing processes are flexible. Corporate management has also bought into productivity-enhancing technology to buttress employees. Indeed, the average company in America now spends between $5,000 and $10,000 per knowledge worker on hardware and software designed to boost productivity.

One theory that may help explain declining productivity growth has been advanced by McKinsey consultants, who believe that companies have finally cut all the non-complex transactional positions that benefit from productivity-stimulating technology. All that's left are complicated and nuanced jobs requiring experience, expertise, judgment, interaction and collaboration—or tacit knowledge. In fact, 70 percent of the jobs created since 1998—a total of 4.5 million positions—fit this description. Increasing productivity for these employees, whose jobs can't be automated, has thus far proven to be a major challenge for software developers around the world.

In all fairness—and to put things in perspective—email, word processing and spread sheets have already wrung out step functions in productivity. But since their emergence, adoption and acceptance, we haven't seen many new advances in productivity-enhancing software. Perhaps we can cite search technology; but certainly no killer apps in teamwork collaboration or task management. The bottom line is that managing the delivery of work is still very elusive.

To be honest, the odds are weighted against a breakthrough in this area.

According to Basex, a research firm focusing on the knowledge economy, interruptions from email, cell phones, instant messaging, text messaging and blogs eat up nearly 30 percent of each day; on an annualized basis, this represents a loss of 28 billion hours for the entire U.S. workforce, or a $588 billion cost to the American economy. Basex also points out that we spend 15 percent of each day searching for content on the Internet, but 50 percent of all searches actually fail to deliver the material we seek. When endless meetings that go nowhere are factored in, says a Microsoft analysis, 17 of the 45 hours we work each week are unproductive.

This is a painful—but necessary—truth worth pondering.

An equally sad truth is that even though we now have the technological ability to do faster work, we may not be doing better work. More problematic is the fact that we're generally not working easily or happily—in groups or on our own.

In other words, there are serious questions about whether recent information technology has actually increased employee well-being. In far too many cases, the answer is no. Technology has definitely filled the gaps in margin-conscious companies that have hollowed themselves out over the past two decades—but there has been a significant human cost attached to this digital triage.

A 2006 research study conducted among sales and marketing teams at Intel indicated that 54 percent of those surveyed believed email had a negative impact on their stress levels. And a number of other studies show that productivity-enhancing hardware and software has helped heighten distraction and discontinuity in the workplace at the expense of critical and creative thinking.

These are clearly unintended consequences. But they must be confronted and dealt with. Technology connects us—and keeps us in constant contact—but for the most part it doesn't allow us to fully and constructively collaborate with one another. This is a large and looming problem because, as McKinsey says, we are entering an Interaction Revolution that will require employees to truly and sensitively come together in order to achieve top- and bottom-line goals in a hyper-competitive global economy.

To succeed in this Interaction Revolution, executives, managers and individual contributors need to put productivity in perspective. That means carefully choosing the right and most useful technology enhancers—not the fads.

Automating the knowledge economy sensitively and smartly—as difficult as it may be—is essential to our nation's health. And when this technological turn of the wheel takes place it will almost certainly drive productivity growth back up—but in the right way that makes sense for well-meaning companies and the hard-working people within them.

Unfortunately, right now most new productivity technologies are heavily weighted toward "collaboration" tools. And "collaboration" is defined as having discussions and collating materials. This is not what we need; and technology, at least from our point of view, has taken the wrong fork in the work productivity road.

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Chapter 2

PUTTING PRODUCTIVITY IN PERSPECTIVE

The late 1930's were hard years for Alex F. Osborn, one of the founders and proprietors of BBDO, a high-profile advertising agency that helped add luster to radio programming during its golden age. After increasing billings from $1 million to $20 million over two decades, and doing breakthrough work for General Electric, DuPont and Lever Brothers, BBDO suddenly lost a slew of clients and employees in 1938.

Osborn was stunned and sought answers. And, during a reflective period, he realized that his agency had ceded its creative edge. So he came up with the collaborative concept of brainstorming to gather and garner as many new ideas as possible—no matter how ridiculous or absurd they might seem at first. Sensing the urgency of his business loss, Osborn wanted every participant in these group sessions to use their brains to storm a creative problem, and he wanted them to do so "in commando fashion." Once the ideas were on the table, Osborn said, the brainstorming participants would come together using deferred judgment to select the best thinking.

Seventy years later, BBDO can point to a long list of advertising breakthroughs as a result of its ability to brainstorm, create—and execute. Brainstorming is also a staple in many other workplaces seeking innovation today. But the debate rages on as to whether these "group gropes" really stimulate and nurture creativity. A number of critics point out that brainstorming rewards style over substance and verbal prowess over contemplative and critical analysis. In short, the age-old questions remain: what is the most productive way to interact? And what does constructive collaboration truly look—and feel—like?

We don't have the answers to these questions yet. But we must work toward them if we want to successfully automate the knowledge economy and stimulate the world's labor productivity growth rate.

One thing we do know, however, is that brainstorming represents just 5 percent of any project; the remaining 95 percent is the actual doing and getting things done. And that's where constructive collaboration, productive collaboration, is really needed.

It's also where IT is really needed. Businesses get this on an intellectual level; a recent Forrester report indicated that 70 percent of IT decision makers in companies are investing more money in messaging technology to boost collaboration and productivity.

But the problem is that the current generation of powerful IT tools and applications doesn't allow us to collaborate productively. Behavior—as well as bits and bytes—play a role here. To put it simply and precisely, the explosion of easy-to-use technology solutions has made us excessively collaborative and increasingly less productive. We have become overly reliant on tools and applications that enable constant contact; but this chronic connection means that collaboration isn't properly bracketed; it bleeds

over into the rest of our work lives, bringing with it a steady stream of distractions and disruptions that prevent us from achieving what we need to achieve.

Good collaboration is getting together on the same page and then dispersing in order to productively work down an individual to-do list so that team goals can be accomplished.

Bad collaboration is getting together on the same page and then using technology such as instant messaging as a collaborative crutch to review, recycle and replay what happened earlier in the process.

This inability and unwillingness to smoothly convene, collaborate and then execute is the reason a number of analysts have come to the counterintuitive conclusion that productivity-enhancing IT actually leads to below-potential work.

The prime culprits are attention management issues. There are now so many digital disruptions and distractions—email, blogs, text messaging and cell phones, in addition to instant messaging, for example—that we can't focus on results and drive toward them.

This sub-optimal work pattern has been quantified in a Hewlett-Packard study, which estimates that the average knowledge worker's IQ drops 10 points when he or she is confronted and overwhelmed by electronic overload in the workplace.

Intel's researchers confirm these findings and worry about the impact of work fragmentation on collaboration and productivity. Data show that the average employee at the company spends 2.5 hours each day doing email; this prevents valuable interaction that adds to the top- and bottom-lines.

Even worse, according to the Intel studies, are the interruptions. The average knowledge worker can only focus on an individual task for three minutes before a technology-induced interruption intervenes. After being interrupted, it takes a full 25 minutes for the worker to return to the task at hand—and 41 percent of the time he or she never makes it back to the task at all.

Meta-work like checking messages or organizing an inbox exacerbates the situation.

According to one academic study, the typical knowledge worker spends 44 minutes a day—in chunks of 6.5 minutes—performing this sort of digital administration. These 44 minutes are expensive because they often preclude getting things done.

This isn't the only cost, the only price we pay in the quest for enhanced productivity. In addition to lost opportunities for solid and substantial collaborative work, all the non-productive IT distractions reduce time spent on innovation and intellectual-property generation; they also increase the margin for error and push burnout and turnover rates higher.

One of the reasons productivity-enhancing IT—or is it non-productivity-enhancing IT?—is exacting such a toll on the workplace has to do with the huge expectations we've heaped on the technology. This isn't completely surprising because we struggle with three basic illusions about these digital solutions each day—whether we're at our desks or not.

The first illusion is that having unlimited access to everyone via a host of communications channels is beneficial to business and without cost. The reality, as discussed above, is that when people abuse this always-on capability it leads to an expensive lack of productivity that intrudes on the forward thrust of endeavor. Glibly typing out text messages and chattering back and forth isn't constructive collaboration—especially if it means delaying project deliverables or reducing their quality.

The second illusion is that unfettered and open-ended communication frees us to successfully work at home. The reality is that constant digital contact has made it hard to be productive and get things done—whether we're working at home or in the office.

The third illusion is that digital multi-tasking improves productivity. The reality is that most employees and contractors are not great at multi-tasking and become tangled up in an unproductive web of distraction and disruption.

Most employees and contractors also think that joining together in the same meeting room or on a conference call achieves very little. A recent Microsoft study confirms this. The software maker's data show that we spend an average of 5.6 hours a week meeting despite the fact that 71 percent of those surveyed view this time as unproductive. That

may explain why so many people switch their phones to mute and catch up on email during conference calls. The question is whether this bifurcation results in richer calls and more thoughtful email responses.

It's unclear if this hostility toward collaboration will lead to a backlash. But there is a risk that knowledge workers could eventually retreat into non-collaborative communication because of the way they feel about meetings and technology that is supposed to enhance productivity.

As software developers, we need to be sensitive and aware of this possibility. The challenge for us—and for executives and managers—is to create technology and business cultures that enable both constructive collaboration and constructive implementation processes. That's the way to automate the knowledge economy and increase and improve the world's productivity growth.

Achieving these dual goals won't be easy, however—especially if technology continues to fan the fires of un-productivity and managers permit a culture of distraction and inefficiency to take hold.

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Chapter 3

THE CULTURE OF LACKLUSTER ASSERTIVENESS

John Le Carre would love this. Buried deep within every company is a spontaneous and subversive digital network that's working nearly 24 X 7 in the corporate cyber shadows. Nobody knows exactly how many employees have tacitly joined these stealthy operations – it could be tens of thousands of people – but we do know that their constant connectivity and always-on communication is sabotaging productivity and forward-thrusting business objectives.

We also understand the role information technology plays in undermining the goals and achievement of the private sector. Recent studies indicate that whether they're working in offices, cubes or mobile venues, employees devote nearly one-third of their time to email, text messages, instant messages, blogs, wikis and cell-phone calls—instead of collaborating constructively and accomplishing the hard work of getting things done, which is the way companies deliver profitability.

The problem is that these proliferating ad hoc corporate collaboration networks aren't visible and can't be managed. Even worse, they spend most of their time in discussion or brainstorming mode with no real end point, goal or ability to move to the next phase of a project. But their dysfunctional impact certainly can be felt when it comes to the top- and bottom lines. McKinsey research shows that nearly half the interactions taking place within these networks aren't central to corporate decision-making—whether they occur during creative development, which constitutes 5 percent of the work process, or execution and development, which represents the remaining 95 percent.

This lack of productive deliverables oversight associated with decision-making has led to a Culture of Lackluster Assertiveness in so many companies today. The culture is supported by technology tools like email, which have enabled an entire class of non-accountable employees to look busy by chattering online. These Email Jockeys, as they are called, are faking productivity and mimicking purposefulness. The net result is that their quick but vapid email responses, meandering online conversations and repetition of other people's valuable digital input add little value—and actually cost companies dearly. Dilbert would be proud.

It's easy to blame technology for this dissipation of productivity. But we also need to look in the mirror because this is very much a behavioral issue involving corporate leaders and followers. Managers have a responsibility for getting the most out of employees, yet too often they feed the Culture of Lackluster Assertiveness by permitting Email Jockeys to simply make noise so they look busy or operate with a false sense of online accomplishment that really doesn't translate into productivity.

Without increased accountability and better IT tools that help managers track and understand what each employee is truly contributing to team efforts, we run the risk of having more and more workers become digital stragglers. Managers also have a very difficult time giving constructive feedback to these lackluster employees who need to

become more productive. And the high performers, the "A" players, who are driving business results, become discouraged and demoralized as they watch their excellence diluted and see the Email Jockeys praised for responding quickly but emptily.

Why are so many managers struggling to come to terms with the legions of online laggards in their corporate midst?

There have been thousands of books and articles, a slew of consultants and countless courses at business schools that have tried to explain group dynamics in the workplace, the delicate calibrations of constructive collaboration in factories, and the necessity of individual and team accountability in offices.

One reason may be that many companies confuse their employees with passive-aggressive mixed messages about collaboration. Too often, management's words encourage substantive cooperation, but the reality governing the workplace—the standard and accepted operating behavior—is unproductive connectivity between colleagues.

Another factor may be management's inability to understand what actually motivates employees to collaborate meaningfully. In other words, what does it take to get constructive interpersonal interaction in the workplace so that we don't have to constantly default to the digital sleight of hand and ineffective and unproductive pseudo-conversations that Email Jockeys engage in?

Corporate leaders who are both realists and humanists know they can stimulate greater and more genuine interactive engagement on the part of employees by first acknowledging the fact that most people in the workplace really and truly want to share—and share substantively. The second step is showing employees the way, modeling constructive collaboration. Once the advantages of meaningful and dynamic group communication have been made clear to employees, then technology can assume its rightful—but bracketed—place in the collaborative work process.

There are two case studies worth discussing here, each from a world-class company that has successfully found ways of bringing employees together using a combination of high-touch sensitivity and hard-drive technology.

Let's start with Toyota. So much has been written about the Japanese auto maker, but it understands better than almost any other company how to form, engage and empower small teams of collaborative employees. Toyota managers really get the fact that bringing people into close-knit groups in the workplace means respecting each individual's need for control over his or her destiny; this nuanced insight is called "linked autonomy."

Toyota managers have been unfairly stereotyped as rah-rah cheerleaders for teamwork, but the truth is more subtle and rich than this caricature would have us believe. Indeed, the auto maker's leaders tap into each team member's need for pride of authorship; we're writing a book together, goes the Toyota line of reasoning, so everybody can craft a chapter. Again, it's all about venerating the individual and the contribution each person can make to the group effort.

Toyota's leaders have also learned that better and more honest collaboration takes place when team members are encouraged to formally question each other if there is doubt or concern about a project's direction. By structuring these Q & A sessions—called "The Why-Whys"—and regularly building them into the work flow and process, Toyota forces employees to interact openly and transparently. There is no wasteful and unproductive email back-channeling and a minimum of destructive digital politics; to put it simply, the BCC is rarely utilized at Toyota.

Finally, to facilitate focused collaboration, Toyota breaks every project down into modular units so small teams of people clearly understand their roles and mission and can map specific tasks to objectives; this means that things actually get done versus just talking about end goals. Taking a page from the "Cluetrain Manifesto," the auto maker believes that "small pieces loosely joined" forces workers to be direct, granular and productive in their interactions with colleagues; there aren't any vague and vacuous meetings at Toyota.

For its part, Goldman Sachs believes that if you want meaningful collaboration in your business, you have to hire collaborative people for 100 percent of the work process, which includes both the creative development phase as well as the execution and implementation phase. And that's what Goldman does. When it's recruiting, the investment bank makes potential hires talk with 60 senior members of the firm; each Goldman interviewer screens recruits for cooperation potential. If a recruit is deemed

collaborative and brought on board, he or she immediately knows 60 people at the firm and can quickly begin substantive interactions. Nokia follows the same line of thinking as Goldman when it comes to boosting collaboration; the telecommunications company requires managers to introduce new hires to 12 colleagues at the company during the first week of employment.

The real question, though, is how to root out the subversive digital networks that are using technology wastefully and sapping productivity from small, medium and large companies in the process. The answer, according to McKinsey, is to aggressively develop formal new corporate networks that are designed to get people collaborating in earnest on a variety of innovative and needed projects. These non-hierarchical networks, which should stretch across the company and consist of 50 to 100 people each, must be explicit about their tasks and clearly map them to well-defined objectives from the start; hopefully, employees would opt in and choose to become part of these interactive groups as a way of expanding their business knowledge and overall corporate contribution

Organizing and managing for delivering results is essential in the global quest for 21st century productivity gains. And the key here is self-awareness and self-reliance; we can't abdicate our responsibility for effective corporate interaction and allow a Culture of Lackluster Assertiveness to take hold in companies if we are serious about improving productivity growth. To really bring groups of employees together in constructive, purposeful and profitable ways, we must remain accountable and develop better IT tools that show us who's truly delivering results for the team.

The success equation is simple here—if we can remove unproductive collaboration and the technological tools of the non-producers, we can start unlocking the power and potential of our "A" players.

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Chapter 4

PRODUCTIVITY POWER: UNLEASHING YOUR "A" PLAYERS

One of the most exciting Super Bowls (XLII) recently ended with the New York Giants upsetting the New England Patriots after a long and improbable fourth quarter drive that culminated with a sudden touchdown. The pressure was great and the stakes were high, but Eli Manning, the Giants' relatively inexperienced quarterback, somehow managed to elude the Patriots and find his receivers for the win. In the locker room, Manning calmly explained that when a game is on the line, he wants the ball in his hands. "I like being accountable," said the quarterback.

Manning may or may not mature into a great NFL player, but his post-game comments show that he is already an "A" player. And, whether you're a football coach, an executive or an entrepreneur, you definitely want to surround yourself with "A" players.

These are the game-changers, the business-builders, the top- and bottom-line enhancers. These are the responsible ones who dig in and focus; the ones who take ownership and take it on; the ones who keep raising the bar and then want to be measured; the ones who bring big ideas and then go out and implement them; the ones who are really productive.

Finding and developing "A" players is hard enough, as we all know. But the truly big challenge, on and off the field, is unleashing them so they can deliver maximum value to the team or the company.

In a group dynamic, managers have to make sure their "A" players don't get bogged down, held back or side-tracked by the email jockeys, busy-bodies and other unproductive employees in their midst. It's also important to spread the work load – and accountability – so that "A" players don't get burnt out from shouldering a disproportionate amount of the burden; in the process, we need to know what tasks each team member is actually attacking and achieving so we can move away from the old 80-20 rule. Finally, we need to harness technology solutions that help executives and entrepreneurs assess and understand which employees are on course to become super-productive "A" players and which aren't. Clearing a path that ultimately leads both groups to success is a smart and far-sighted business strategy.

When it comes to helping players or teams consistently live up to their potential, football once again offers valuable lessons. Each week during the season, for example, there is a perfect management oversight tool called "game films." These films are meticulously reviewed by coaches, and every player's performance and productivity is diagnosed and graded based on how well individual assignments are executed. If there is a break down on the field, the films show it clearly and game plans can be adjusted accordingly in time for the next opponent.

With its emphasis on continuous improvement, the football world is clearly conducive to "A" player excellence. But not all cultures allow this.

Silicon Valley, for example, is a tough place for hard-working "A" players to break through and truly make a sustained mark over time. A little success goes a long way in the tightly networked Valley; as a result, many people stop producing and coast there after scoring an initial achievement. There's so much talk about teamwork in the Valley, but scratch the surface and it's really a first-person-singular culture where "Me" rather than "We" ultimately dominates. Returning to football, the question is whether being on the cover of Sports Illustrated or being on a Super-Bowl winning team means more to the average executive or entrepreneur in the Valley.

The innovation-obsessed Valley also rewards big ideas, but it doesn't seem to value execution and follow-through quite as much. In fact, you're considered a world-beater in the Valley if one out of 10 concepts on the white board bear fruit and end up making a difference in the marketplace.

And the hyper-kinetic Valley is always swirling – people constantly move from job to job and company to company in order to be part of the next hot technology wave; so, with human capital turnover rates this high, it's especially difficult for IT managers in the Valley to reinforce accountability and a sense of responsible implementation.

Asia, on the other hand, offers a culture that is tailor-made for "A" players because it's all about taking teams and companies to the next level of excellence. Throughout the region, there is a keen sense of accountability; responsibility is taken very seriously; and collaborative productivity is venerated. This helps explain why we see very few email chains of low importance in the Pacific Rim countries – people keep their heads down, work hard, and don't like to waste time. It's ironic that the faceless corporate team is a cultural stereotype in Asian business, when the fact is that legions of "A" players – albeit humble "A" players – are driving revenues and profits for companies in Japan, China, Korea and other neighboring countries.

It can be very different in some U.S. companies. In fact, many senior executives in our country spend a good amount of their time compiling, consolidating and updating status reports – they're the only ones who truly understand what tasks are supposed to be accomplished, and by whom. Obviously, this is a huge dissipation of potential high-value productivity; when your "A" players are reduced to filling in activity flow charts, you know you're in big trouble. And, if you're looking for a compelling case study of how unproductive team members can sully, stymie and sand-bag the efforts of their

most productive colleagues, this is it.

The most powerful and profound way to unleash "A" players – whatever continent you're operating on – is to make sure your company, operating unit or team consistently develops and transmits clear and relevant communications that help everyone understand their individual roles and responsibilities; if there's broad-based accountability, then the high-octane, high-energy "A" producers won't have to step in and burn unnecessary midnight oil all the time.

"A" players typically are heads down on the specific deliverables that achieve the results we desire. It is important that we don't tax them with yet another definition meeting or, heaven forbid, another rev of the document review. Being able to weigh the low value of "getting on the same page" meetings and clarification from refining document reviews against the high value tasks the "A" team is working on is important. The key is: Don't tax this valuable human capital with valueless drudgery.

More and more, people get this. And that's why the collaborative business knowledge market is growing by leaps and bounds – from $50 billion in 2005 to $72 billion last year, according to research firm Basex – and the customer mantra for productivity-enhancing collaborative technology is quickly becoming "Divide and Do."

This means that the IT solution must provide transparency – making tasks, activities, assignments, milestones and deadlines accessible to every participant on the team. If this tracked information – owner, status and next steps – is linked to business objectives, then there will several positive outcomes:

- *Nowhere to Run and Nowhere to Hide*—the "B" players on the team and in the organization will be flushed out into the open; they won't be able to lurk undetected anymore in a thicket of superfluous email.
- *From Competition to Collaboration*—the unproductive and often unspoken competition between the "B" players and the "A" players will draw to a rapid close and become productive collaboration because managers will be able to see who is doing – and who isn't doing – what's expected of them; in essence, the "B" players will no longer be able to hinder the "A" players.
- *The Best and Brightest*—managers will be able to better assess their "A" player talent. They'll see who their best creative people are, for example, or who shines as a

project manager or excels at strategic insight and intelligence.

- *Unclogging the Productivity Arteries*—if there's an issue or blockage that's preventing a project from moving ahead, then managers will quickly see this and be able to make mid-course adjustments without missing a beat – or a deadline – and without squandering valuable "A" player time or resources. The unproductive "Before and After Mystery" will be replaced by the much more productive and real-time "Running Chronology."

Unleashing "A" players has always been as coveted a business objective as winning the Super Bowl. The right management and the right culture can go a long way toward realizing this critical – and truly productive – goal for companies everywhere. But the right technology solution, which may not be as exciting as Eli Manning's recent fourth-quarter heroics, can definitely help push almost any firm into the end zone.

The key issue, though, is whether we've really hit pay dirt when it comes to developing and deploying technology that tracks deliverables. And have we really allowed our "A" players to take control of the game? These are questions well worth pondering.

THE POWER OF DONE

Chapter 5

TECHNOLOGY, TRUST & THE POWER OF VIRTUAL PRODUCTIVITY

Everyone was on the same page when the trans-Atlantic deal closed. And it was encouraging to see our Onyx Software team and executives at the UK software and services we had just purchased pledging to collaborate. The end-goal: distributing Onyx products and services to existing clients in the region.

To get the relationship off the ground and make it productive, we needed to develop and execute several action plans, including those for sales and distribution, employee ramp-up, and integration of operations and development.

We thought we were doing all the right things. We set up spreadsheets with definitive goals. We associated those with specific timelines. We outlined a series of meetings and regular conference calls. We assigned owners and empowered them to make decisions. And we allocated people and resources to those owners.

But distance, which wasn't supposed to get in the way of this new virtual relationship, quickly caused a series of missteps that cut our return on the acquisition.

What went wrong?

Well, in hindsight, we didn't have technology that focused on the tracking of the actual work—as well as the goals and objectives. If we had, the virtual relationship would have flowed better because the IT solution would have documented and analyzed accountability for each and every assignment undertaken.

So, looking back, we believe this scenario—which plays out in so many M&A deals as two parties struggle to merge after an acquisition—could have been largely avoided. We believe the right kind of productivity-enhancing technology that provides a transparent and accessible look at a project's tasks, objectives, owners and status fosters trust and teamwork among all participants—whether they're sitting in Madagascar, Madrid or Manchester. The data also allow a sense of mutual respect to take hold among virtual team members who may not know each other but who surely depend on each other to achieve business objectives and results.

If the team at Onyx headquarters in Bellevue had a cohesive way to track the timely completion of tasks, for example, we might have been able to share our business, technology and culture more effectively with our new teammates from the UK. And that certainly would have led to superior results.

One of the issues we face when we ask technology to help inspire virtual global teams like this to work together is that we're often aiming the solution at the wrong part of the problem.

Most collaboration and productivity-enhancing tools are designed to stimulate brainstorming, which represents just 5 percent of the work process during the life of a project. During the UK deal, the 5 percent of the process involved confirming and re-confirming our objectives.

The challenge, though, is building virtual collaboration solutions for the other 95 percent of the work process—the actual doing and moving things forward. This part of most projects lends itself very well to online participation, as long as individuals are able to easily see all the tasks and assignments and where they stand in real-time—in other words, who's really pushing the ball downfield in support of goals and objectives.

These types of technology solutions do exist for sales teams. Sales is clearly one of the most process- and metrics-based functions in a company—pipeline forecasts and closed deals are certainly hard-edged and measurable indicators of success. At the same time, sales is one of the most mobile corporate functions because the best sales representatives operate out of the office so they can work with customers wherever and whenever they do business.

In areas of the business that aren't as measurable or mobile as sales, leaders of virtual teams usually end up making and implementing decisions once a week, when they convene their status update meetings and rehash the past seven days with geographically dispersed employees. This episodic and intermittent progress wastes valuable time and holds back the team.

We certainly experienced this during our acquisition of the UK company. And the wait-and-see process is exacerbated when virtual teams are scattered through time zones, which seriously dent productivity unless there are always-accessible digital updates of the work that's underway.

Looking to the future, the winning companies in the global economy will almost certainly be those that can maximize productivity from virtual teams. To help businesses make this happen, we must keep developing the right collaborative technology; if we don't, we'll be under-serving our corporate customers and under-cutting their competitiveness.

One of the major disappointments in the opening case study involving Onyx and the

UK company is that the British firm was a huge value-creator who offered us potentially game-changing distribution potential; but we weren't able to fully leverage this asset because our collaborative technology at the time—phone, email, spreadsheets and CRM tools—were not purpose-built for managing tasks of integration. In the end, it's unclear if our two virtual teams could have meshed unless we had transparent task-oriented information at our finger-tips on a 24 X 7 basis.

So, when it comes to assembling a virtual work force—large or small—it's important to remember that collaborative technology that focuses on step-by-step execution leads to trusted and productive relationships that generate world-class results on the top and bottom lines.

The ultimate lesson here is that IT solutions that chronicle team objectives without specifically tracking the deliverables that help fulfill these goals take you down a risky path.

THE POWER OF DONE

Chapter 6

WHY GETTING ON THE SAME PAGE BREEDS A FALSE SENSE OF PRODUCTIVITY

We've made some mistakes in business – who hasn't? – but we really learned a lot from this one.

So it's worth sharing.

Toward the end of a meeting at Onyx Software during our early years in business, we got our team of senior executives to commit to certain far-reaching goals. We also agreed that our targets for the next 12 months had to be measurable and clear to everyone. One of the key benchmarks we discussed was new users. And when we talked about this metric, there was consensus around the table that we could – and should – get 10,000 new users inside of mid-market companies on the Onyx system over the course of the following four quarters.

We left the conference room feeling pumped up. Everyone on the team was on the same page; everyone had a shared vision and similar expectations. It seemed like we were setting a goal that combined growth in market share and revenue.

But the meeting wasn't as productive as we thought.

Why?

Because everyone had heard something different in the conference room.

It turns out that the mid-market provides enough differences in company size and industry that our Services VP began planning for 10 customers with 1,000 users, while our Marketing VP began designing for 500 customers at 20 users. Combine this with the implications of the vertical categories they implied, and we had a giant mismatch in lead generation focus and the services being constructed to serve them.

One of the key take-away lessons here – and it's a lesson we've learned in the wake of this episode – is that even if you agree on the right business objectives in a meeting, the participants who leave the room or the call won't necessarily come to the same decision or conclusion on the tactics or milestones needed to achieve these goals. To use that old cliché, "the devil is in the details."

To guard against this post-meeting unraveling, we've become huge advocates of checking in and making sure everybody is tracking and mapping forward to goals and objectives.

It's really interesting, because we've found that people actually like to use meetings and email to check in on where things stand; maybe it's because they feel more productive that way; maybe it's because they feel reassured. Regardless, the best way to make progress, from our perspective at least, is to make constantly available to each other the information on where things stand – and then spend time in meetings and email looking ahead – always pointing to specific deliverables still in the path toward effectively reaching the goals and objectives. On its own, just reciting and rehashing past accomplishments and milestones isn't very productive – even if it is comforting to some people.

Let's see how this plays out.

In a classic sales call, for example, you hear reps telling their managers things like: "I got blocked by the Director of IT, but I'm being sponsored into a meeting by the CIO. I'm hoping that will happen next week. In another deal, I've got something set up with the CIO for the week after next."

Okay, great. Thanks for the update. But how are you going to make sure that upcoming meeting is successful? Please detail the steps you will be taking and the help you'll need to make this meeting achieve the desired result. In other words, are you looking forward – or are you looking back?

Our bottom line is that these kinds of "looking back" calls are mostly for the managers' benefit, so they have peace of mind, feel like they're in control, and can let others know they have their fingers on the pulse.

But isn't that managerial self-indulgence rather than team productivity?

Here's another example of self-absorbed leadership to consider: A development team sits around discussing where each member is in the various stages of product creation. The team leader spends too little time, if any at all, asking how the developers could be getting things done more quickly or more productively. And yet the leader comes away from the meeting feeling good because he knows where everyone on his team is.

Is this really productive, and do the team members feel the deep sense of accomplishment that comes from achieving things that move them toward stated and

agreed-upon objectives?

We think the answer is no.

Technology could definitely help here. We believe teams should always know where things stand and be able to update this information in real-time; armed with this data, participants can then transform their status meetings and make sure they focus on next steps and how to productively attack issues, rather than playing to a manager's command-and-control anxiety.

If we turn our attention to reporting now, you'll see that we're dealing with the same negative and unproductive dynamic: companies are using Business Intelligence software, which is much less expensive than it used to be, but in the process they're spending lots of time engrossed in data and only get halfway to their objectives and goals. In a nutshell, they're amassing metrics and information about where the business stands and then running slews of reports. Just having all the numbers and information makes them feel more in touch, more on top of things – and, yes, more productive.

But it's the same productivity delusion we encountered above. The data are not helping teams make forward-moving business decisions. People send these reports out and use them as the basis for status update meetings, which focus on what happened – not what needs to be done. It's even more difficult to draw conclusions about how to proceed to the next level because the tactics and milestones are usually unavailable during these reporting meetings. The best way to go, we believe, is to set trended projections and to associate those against further deliverables.

And, to do this, you must have technology that helps keep teams on the right path as they work to achieve objectives in the wake of a meeting or conference call.

Collaborative solutions must focus on step-by-step execution, enabling individuals to easily see all the tasks, activities, assignments, milestones and deadlines and where they stand in real-time. If this tracked information – owner, status and next steps – is linked to forward-leaning business goals, productivity will almost certainly be enhanced and companies will start to gain altitude in a hurry.

THE POWER OF DONE

Chapter 7

DOING LESS ISN'T MORE

Most of the time, clichés are just that—clichés. But sometimes they speak volumes. Take "There is no I in Team," for example—how true! The corollary of this in our world is that there's a vast ocean of difference between individual productivity and team productivity.

Unfortunately, this distinction has been blurred and missed by the so-called Productivity Industry, that mass of writers, gurus and consultants who are overly focused on personal—rather than company—performance. In fact, many of these so-called experts are espousing strategies that actually get in the way of team productivity. And since teams are complicated group organisms, this is quite understandable.

The bottom-line from our perspective is that executives and entrepreneurs who read personal productivity books and newsletters, or attend these self-help conferences, need to know that this kind of educational tool probably won't enhance constructive and efficient collaboration in the office.

We can see this if we examine David Allen's Get Things Done book. Get Things Done was written with the individual in mind. It wasn't developed for teams seeking to be more productive. And it certainly wasn't devised for managers striving to achieve top- and bottom-line business results.

Allen's "defer and delegate" technique offers a striking case in point. If we, as individuals, are able to defer and delegate everything on our plates, we might go home at night feeling caught up and great. But what have we really accomplished or done for our teams?

For example, we may delegate or defer to our head of marketing on something of key importance. But if we, as executives, have no visibility into what our marketing chief is already working on, we could really clog up his productivity for the week. He might, for instance, put important items on hold—items for which he may have already lined resources up—in order to provide "all hands on deck" for our request. And if our request isn't balanced against his current set of priorities, there's no way that's going to create a more productive environment.

The personal productivity movement is also rallying around an extreme concept—"The Four-Hour Workweek." Now, we're not saying that the workweek can't be reduced from 60 hours, or even 40 hours; but to achieve this, you would have to attain an impeccable level of operational excellence and information / knowledge transparency. And we're defining knowledge as awareness of what has happened as well as what needs to happen—and why.

In the current era of technology and business process, this should be possible. We should be able to automate to this level. But let's be honest. We haven't.

Outsourcing and delegation, for example, serve their purpose for executing discrete tasks. And the "fire and forget" model works well for basic requests like asking someone to copy and bind 10 copies of a proposal, but with most work it isn't a productive approach. Why?

Because most work is dynamic. It has dependencies, multiple people involved, and can span days if not weeks. New information is learned, analyzed and incorporated into the execution process. Context and knowledge are required to correctly react to change. What chance does outsourcing have in these situations? In the absence of required knowledge, the do-er becomes quickly blocked and is forced to interrupt the owner at every turn. That's a real productivity drain. So, it's not labor cost or supply that serves as the natural gate to achieving productivity perfection—it's the lack of information to make the right call. And the right technology that makes the right information available in real-time can help here—whether we're talking about outsourced offshore consultants or virtual assistant companies.

We have strong opinions, but we're not in competition with the personal productivity movement. Reduced to basics, our view is that team productivity is a huge driver of private-sector success. And, to that end, we'd like to propose a new concept—the "Anti Four-Hour Workweek," if you will.

The new concept is really a new metric—NTP, or Net Team Productivity. Rather than gauging an individual's ability to process and make progress, NTP is a measure that reflects the collective effectiveness of multiple people. This, not personal productivity, should be the ultimate measure of teams.

Personal productivity and effectiveness should still play a role in performance reviews and assessing job performance, however; but to solely manage in this way may cause a team leader to miss the team's objective. Individuals should think about productivity by asking themselves two essential questions that really provide the necessary overall framework here: What is the net productivity of the overall team? And what is my personal gross productivity?

Another new concept we'd like to introduce is the IPT, or Individual Productivity Tax. Nobody likes taxes, and it follows that nobody likes working with people who generate productivity taxes in the office. So let's zero in on Jane, for example, to show how the IPT would work. Jane loves calling meetings; sometimes her team is actually dragged into check point meetings three times a week. This robs us of 6 percent of our effective time for the week. Add another 3 percent for the miscellaneous non-core items Jane asks us to do in those meetings and—there it is—she's levied a whopping 9 percent productivity tax on us. That hurts! But it helps show how team productivity can be damaged by certain individuals. The ultimate end goal should be to help people become productivity-tax efficient.

Obviously, technology can play a role in this process by enabling people on teams to be more independent—and, thus, more productive. If a company invests in digital tools that let team members see objectives, tactics and supporting documents in real-time for work in progress, the individuals don't have to constantly meet or check in with their manager for guidance or approval. This is much more efficient and keeps the focus where it belongs—on the work and on meeting business objectives. It also could result in an Individual Productivity Tax refund!

The uneasy relationship between individual and team productivity is certainly complicated. And anyone who has ever worked in an office or an organization knows that. Despite this complexity, however, most of today's productivity experts focus on the individual's performance and assume that if you can make each person more productive, the group as a whole will somehow follow.

We think that's way wrong and, to be honest, a flawed and unproductive approach. Our take is 180 degrees different; we believe that team productivity, which drives top- and bottom-line growth, must be the starting point because the dynamics between individuals who are working together are so intricate. If we can get people in a company to bond collaboratively, constructively and productively, there's a far greater chance that the business will succeed internally as a harmonious culture and externally as a value creator.

And, it's important to remember that productively managed teams can succeed in any economic, competitive or regulatory environmental change.

THE POWER OF DONE

Chapter 8

KEEPING YOUR TEAMS PRODUCTIVE DURING A DOWNTURN

The ominous economic drums are pounding out the rhythms of recession again, but no one—including us—knows whether we're headed for a downturn; and, if we are, it's totally unclear how serious the financial undertow will be.

Still, as responsible executives, managers and entrepreneurs, we have to be ready for a slowdown. And, from our perspective, that means making sure every team remains productive regardless of the economic cycles. It also means that "A" players must be bolstered and encouraged so they can continue to drive the best possible results even if business loses velocity.

All this is easier said than done, though. The anxieties that wash over us during an economic contraction are often overwhelming and frequently drown good decision-making in their wake.

There are clearly no right or wrong answers here, but in our view the best insurance against recession comes from year-round visibility into your organization—day in and day out clarity about which employees are doing what—as well as the ability to track specifics in a simple and ongoing way.

This transparent approach makes good business sense and can smooth out spikes in the economy.

It also offers three key benefits for your company.

First, it helps avoid over-investment during good times and allows you to cut more effectively during the bad times. Companies have a tendency to spend excessively—or even carelessly—in up cycles. If you have visibility into the objectives, tasks, ownership and dependencies for each department on an ongoing basis as a matter of course, you'll understand what's on deck, what's committed and what's completed, as well as which employees and programs are linked to budget items. Then you'll have a better sense of how—or whether—to allocate future investment.

Second, it helps you retain the "A" players during both good and bad times. If you have visibility into what these strong performers are doing and how they work with others, you're less likely to make a costly mistake that could cause them to leave during a downturn. It's especially important that you understand the dependencies that team members have on "A" players so you can factor this in if you have to make a cut. You don't want to trim people if it means that your "A" players become saddled with low-value work that bores them and bogs them down. You need to make sure your "A" players feel like they are working on high-priority projects if you want to hold on

to them during a recession because these are the people who willingly embrace the challenge of doing quantities of quality work efficiently.

Third, it renders the political jockeys useless. If executive management has a clear picture of what is happening in the organization during good times, the decisions made during a downturn will be well-informed and based on accurate information—rather than exaggerated, distorted or biased employee assessments. This avoids the constant political jockeying, water- cooler gossip and otherwise unproductive behavior that festers during a tough economy because everyone is worried about job security, wants to look productive and tries to be linked to priority objectives.

Sales teams are a great example of how this works. When a sales person is fired, there is no drama, no water-cooler talk, and no political battles. Why? Because everyone knows that that sales person wasn't making his or her numbers. The metrics are right there—measurable and transparent to one and all. Unfortunately, most non-sales functions in a company operate with fewer measurable components, so performance can't always be tracked in the same way.

Despite our current knowledge, we haven't always been able to track performance effectively either. But we've learned a lot from our miscalculations. In good times, someone would present us with a great idea and we wouldn't necessarily know—across the board—how that idea stacked up against others already in progress. When the bad times hit the dot com world, we downsized from 800 employees to about 300, but it was tough to know exactly which people contributed to the highest impact / highest priority functions of the business. We just didn't have the right tools to offer us insight into our operations.

The result: a lot of manual effort and plenty of judgment calls. During the first quarter of 2001, for example, we spent several 18-hour days laboring over a major workforce and expense reduction that had to be implemented. Fortunately, we ended up keeping our major players, even though they had to assume twice the responsibility. But no matter how we sliced it, the downsizing was definitely dramatic. And when we looked up from our spreadsheet, we'd gone from 820 people to just under 400.

We saw the true impact our decisions had on productivity several quarters later, when we went back to the chopping block and cut another 80 people. It turned out

that our initial perspective on the structure and nature of things wasn't clear—or 100 percent right. There was still a lot of room left to reduce costs even further, without materially impacting the company. In many areas, things had actually picked up because the inefficient parts of the operation had been cut away and—thanks to the sharp, substantive people who still worked with us—simpler, better working methods and processes had been developed to accomplish the same things. If we'd only had real visibility into our business, we might have been able to see all this upfront and anticipate the newly discovered productivity sooner.

When we need this kind of insight and intelligence about our company, we often turn to Vince Lombardi, the legendary coach of the NFL's Green Bay Packers. Lombardi was a master of management—even though he probably didn't think a lot about business cycles. He understood his teams well and knew how to make sure they were always productive and effective—no matter what the game conditions were.

In his book, for example, Lombardi talks about how the tackles would come off the field with tremendous intensity after each game; they knew which blocking assignments they had missed and that they would be measured and held accountable in a transparent team meeting that reviewed the game films frame by frame the next day. Indeed, Lombardi's methods of performance tracking were measurable, consistent and reliable. There was absolutely no miscommunication around who did what on the field—it was all right there on the screen whether the team was winning or losing. Success and failure was clearly etched in each player's mind, and it was understood that those who pulled their weight got credit and those who needed improvement practiced harder.

To paraphrase Lombardi, you play each and every game with passion and precision—and then you measure to see if you delivered on the field or not. That's great advice for executives, managers and entrepreneurs confronting the possibility of recession today.

THE POWER OF DONE

Chapter 9

PRODUCTIVITY AND PROFITABILITY

The pressure for ever-increasing profits is intense and unrelenting today. And accommodating Wall Street, coping with local competitors and thriving in the global economy make bottom-line efficiency an absolute day-to-day business essential.

But most companies have been squeezing costs and doubling down on productivity-enhancing tools, services, practices and processes for years now. So how can they wring any more excess out of their organizations – even if they're zealously efficient?

That's a very good question – and the right one to ask, at least from our perspective.

The answer is both simple and complex.

Simple because even though we've been continuously modernizing and streamlining to make things more efficient, the average business is still using old techniques and hasn't yet married its previous gains to all the new opportunities currently available for profitable productivity.

Complex because generating constant productivity growth is hard, and finding the right technology to help isn't always easy.

Our view is that we need to combine the old methods with a new digital model that includes real-time tracking of work. This would provide us with immediate real time knowledge of who's doing what on a team or in an organization, and where each project actually stands. If we could simply understand the specific things each person is responsible for delivering – and get the information on demand – imagine how far ahead we'd be and how many good – and fast – decisions we could make.

We don't need a lot of technology bells and whistles – or reams and screens of exotic information – to advance productivity further. Email chatter isn't necessary; nor is social dialogue or meeting minutes. Just the state of the deliverables. There's no better way to improve productivity than knowing where it lives and who's performing – and where it's lacking and who's slacking.

In the end, if we can successfully combine old and new efficiency approaches, we'll re-define productivity for the 21st century. And from here on out, the new equation for bottom-line improvement should be: Productivity Growth Equals More Profit With Less Effort.

Throughout history – especially modern industrial society – we've seen inefficiency square off against an intense need for more profits with less effort. In almost every

case, a cutting-edge collaborative tool or sweeping community process helped boost efficiencies and spread knowledge, while increasing profits and reducing risk.

Let's look at the shipping industry in late 17th century England to see how this worked. Back then, ships and their cargo were insured using the combined expertise of individuals who would regularly congregate at coffee bars on Exchange Alley in London. The terms of each deal would revolve around the collective effort of those in attendance; and they would base each insurance agreement on a variety of factors, including: the shipping routes, the weather, the captains, the commodities being transported, and the ships themselves. Those that chose to become guarantors would sign under the stated terms and become the underwriters.

This loosely structured process was filled with inefficiencies and fraught with risk. And with no market maker for insurance, the captain was apt to pay exorbitant rates. Also, with no easy way to index risk across many ships, the underwriters need to ask for "swing for the fences" rates.

Edward Lloyd, who ran one of these coffee houses in London, clearly grasped the problems with shipping insurance and financing. To remedy things, he began accumulating and publishing shipping data. The posted information started attracting the best and brightest minds in the shipping business. Soon, a group formed Lloyds of London and became a brokerage that guaranteed the investments of their underwriters. Their careful indexing of risk across many ships with informed judgment of rates on each brought rates down and pushed profits up.

This marked the beginning of the end for the inefficiencies that plagued shipping underwriting. It also triggered a massive expansion in shipping, because unfettered access to data enhanced visibility and transparency, and this, in turn, reduced insurance risk.

Now let's fast forward approximately 300 years, to the fledgling financial markets in America. Industry was thriving, and investing in railroads, oil and manufacturing was a rich man's endeavor. Less than 5 percent of Americans were invested in company stocks, and to buy equities was a time-consuming and expensive effort.

Over the course of the 20th century, groups of brokers, analysts and experts formed

firms and began advising investors based on their know-how and observations. The firms basically operated in staccato interactions with their clients. There was no continuous data flow, and no real-time investor monitoring of the markets.

The advent of mutual funds brought more ongoing research and more investors to the financial markets. But significant inefficiencies still remained.

The rise of electronic stock exchanges has begun erasing those inefficiencies. Interactive online tools are putting real-time data, analysis and control in the hands of an ever-broader swath of investors. And, at all times, investors can see the specific performance of every component of their stocks – right down to the minute-by-minute moves of each share. This new technology, combined with Wall Street's advice, expertise and recommendations, empowers investors, puts them on equal footing with brokers, and allows them to make better portfolio decisions more expeditiously.

The result is greater market efficiencies, increased market participation and trading volume, cheaper trades, more capital at work, and a more profitable Wall Street.

On a broader level, we believe that work efficiency will surge in companies around the world when real-time tracking of deliverables is finally embraced.

Moving to mid-century in our thinking, we are especially struck by the prescient analysis of Herbert Meyer, a former CIA official, who, in assessing the world's current transformations, says: "The U.S. is in the process of building the world's first 21st century model economy. The only other countries doing this are the U.K. and Australia. The model is fast, flexible, highly productive and unstable in that it is always fracturing and re-fracturing. This will increase the economic gap between the U.S. and everybody else, especially Europe and Japan."

And, looking to the future, it's clear – based on what's available today – that we can stimulate even more efficiency and productivity if we refine technology that tracks deliverables in real-time both inside and outside a company. One area to watch closely: Increased visibility into the tasks for which a company's vendors and service providers are responsible. There will be huge improvements when we can extend and expand this real-time deliverable tracking all the way down the supply chain to vendors and service providers who are several steps removed from the company itself.

Each new ripple of technology that allows us to instantly see who owns the work, who is doing the work, and how well the work is actually being done, will reinforce accountability. And accountability is a powerful driver when it comes to productivity and profitability.

The bottom line is that the next big surge of work productivity in the 21st century will depend on a simple digital metric that measures, monitors and manages ownership of critical tasks in real-time.

THE POWER OF DONE

Chapter 10

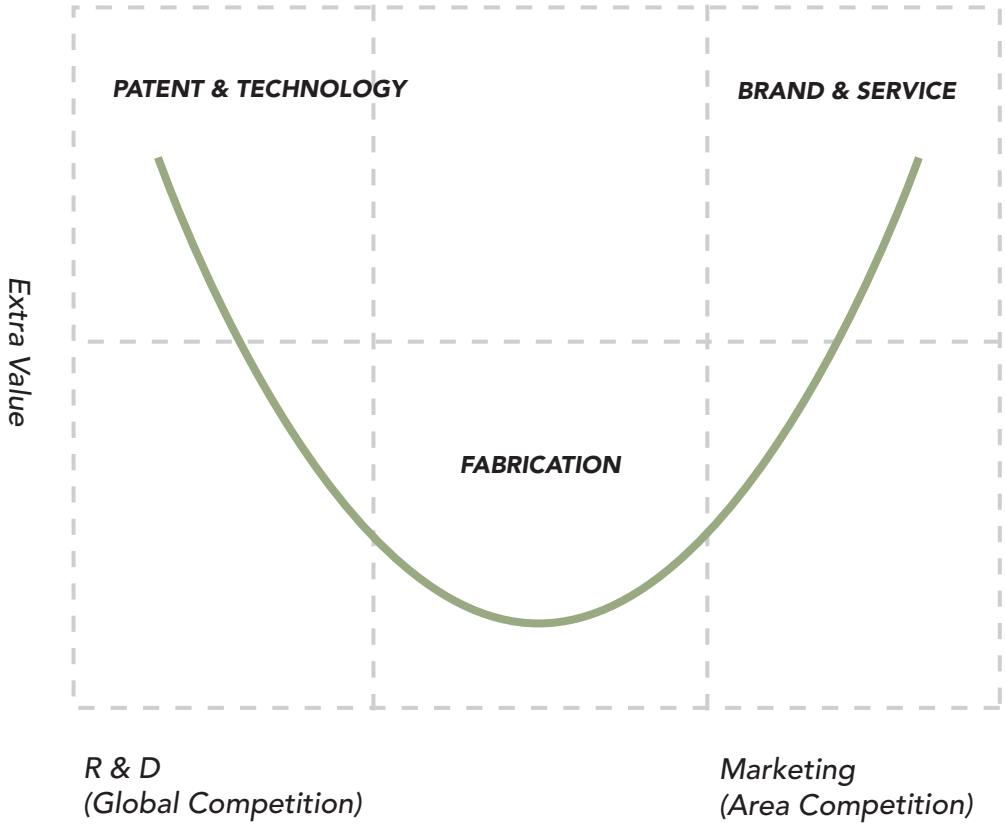
AMERICAN PRODUCTIVITY & GLOBAL COMPETITIVENESS

American prosperity is a testament to more than two centuries of ingenuity and productivity. In recent years, our outsized slice of the world's economic pie has been fully baked because of our leadership position in many high-value markets like finance, pharmaceuticals and technology. Each of these markets includes a heavy concentration of the highest margin components in the value chain. And not insignificantly, the core components of these industries are innovation and knowledge workers.

Defining the value chain is totally subjective. If you're IBM talking about your global business model, you might label the components: R&D, Procurement, Manufacturing, Sales, Distribution, and Service & Support. If you're a bio-technology firm, you might shorten the list to: Discover, Develop, Manufacture and Market.

But we think the simple model as illustrated by Stan Shih, the founder of Acer, is the best depiction of the value chain and its relative margins. Shih's design is called the "Smiling Curve." It looks at the personal computer industry and demonstrates that the ends of the value chain, where R&D and marketing reside, command higher value than the center part, which is composed of raw materials / natural resources, labor and manufacturing.

In terms of nations, the "Smiling Curve" model is currently best suited to the United States because we are—at least for the moment—the leader of the world's knowledge economy. That said, it's important for all of us to recognize the fact that other countries want to achieve greatness in this high-margin economic environment, too. And they're beginning to make some headway.



The huge land masses and massive labor pools of motivated workers in China, India and Indonesia, for example, have been steadily vacuuming out of the center of our value chain.

This much we know. But now the high-margin ends of the value chain—R&D and marketing—are also under serious attack.

There are five key reasons why the high-margin ends of our value chain are being chewed up by other up-and-coming countries:

- Their improving educational systems
- Their growing know-how
- Their expanding technology base
- Their willingness to work hard
- Their increasingly more responsive rewards system

There's another painful twist to this that has to be put on the table, too. Many citizens of these rising nations come to the United States for advanced education and skills training and then return home to create high-margin value in their native countries. We lose on both ends in America, and it's beginning to show.

This turn of events is really unfortunate. For years, the United States and other first-world countries have had an enviable edge in the quality of education, the motivation of a free market system and the availability of capital. These factors have kept us highly productive and at the forefront of innovation, particularly in technology and science. And that's why we've developed and marketed generations of high-margin products and services.

But we are clearly losing ground here. And our advantageous position is being eroded as the education systems in other countries catch up and pass ours. These nations are now turning out more and more scientists and engineers each year. And even though their graduates may be process-oriented rather than creative problem-solvers like we find in the United States, they still have the ability to generate real results.

And, as we all know, the reality in business today is that the most competitive companies will leverage products and services from the lowest cost, highest quality

sources—wherever they are in the world. How else can they compete in a relentless global economy where price and time-to-market advantages are the essence of survival?

So the big challenge for us in the United States today—assuming we want to retain economic leadership and an affluence that enables the kinds of community services and lifestyle we have come to expect—is to find ways to make sure the Smiling Curve is grinning from ear to ear, and not tugged down into a frown. A grin means we are holding onto (and expanding) high-margin knowledge jobs in R&D and marketing; a frown means those economically powerful jobs are leaving our shores.

How do we do that?

Well, clearly—as we mentioned above—through a strong and fortified educational system. And certainly through an economic reward system that favors high-margin knowledge workers as much as rock stars and NBA centers.

But also, and just as importantly, through next-generation technology that enables productive, constructive and real-time collaboration and deliverables management among teams of knowledge workers wherever they sit in a company—or in the world.

This is a huge competitive advantage for 21st century business.

And if we want to fully leverage this advantage, and truly embrace a future that's driven by technology enabled work collaboration, we'll need to develop a host of sophisticated new IT solutions.

These solutions will have to be flexible in order to accommodate teams of global knowledge workers that expand, contract, divide and reconnect in ever changing ways; they'll have to be easy to manage; and they must be simple so everybody on the teams can participate and benefit from them around the clock regardless of their time zone.

Think of these solutions as part of a global switchboard that connects real and virtual teams on an as-needed basis in order to accomplish specific work. And the important components—the tasks, milestones and deadlines, as well as the team members who own specific responsibilities—will always be clearly visible to the far-flung group.

We always like to celebrate the great teams in global companies that work productively together to achieve business objectives. But it's also important to recognize the managers and executives who understand how to organize and optimize constructive collaboration.

These are the heroes of the knowledge-based global Interaction Revolution.

And looking ahead, they will also be the drivers—the rock stars—of the new electronic work exchanges that will populate the globe and make the work world move fast and productively in the coming decades.

Electronic exchanges have already created perfect real-time visibility into the trading of stocks and commodities. Investors put things up for sale at prices they are willing to accept, and buyers purchase when prices meet their criteria. The transactions are consummated and the exchanges churn on.

In the work world, less mature forms of work exchanges have existed and continue to pop up. At Microsoft, for example, technically savvy folks can sign up on a digital bulletin board to deliver specific "how to" articles about the company's treasure trove of product components. One couple sailed a 30-foot sailboat across the Pacific and actually paid for their journey by downloading and uploading documenting jobs from the bulletin board via satellite.

Amazon's Mechanical Turk offers an even broader application of a work exchange. A wide range of employment opportunities are posted on "The Turk" and any online surfer can bid for—and secure—the jobs. "The Turk" has been successful so far because the work is tightly defined and the descriptions of each task are light on subjectivity. For example: "Tag these 1,000 images and then characterize the color, setting and era."

Now, let's consider what a global executive or manager has to accomplish with a typical team-oriented project. The project will almost certainly require a broad array of deliverables—from the graphics department, the legal team, the product management staff and the documentation group. On the surface, it's reasonable to expect that the internal departmental staff would be best suited to deliver results on this project. But here's an interesting question worth asking: Would their performance change if they

had to compete on cost and quality with the world's online workforce?

We believe the answer is definitely yes. And our view is that global work exchanges will ultimately stimulate more productive virtual team participation. And the top- and bottom line results will show.

And when they eventually become a full-on global reality—and this will happen sooner than we think—dynamic work exchanges will bring high levels of transparency and efficiency that will also dramatically increase the world's productivity growth.

As we mentioned when we started this journey together, boosting global productivity growth is essential if we want to live fruitfully during the 21st century. The key, however, is to use technology in the right way. That means our digital solutions must always make sense to well-intentioned companies and the legions of industrious people within them. That's a big challenge, without doubt; but it's well worth undertaking.