

Friday, November 21, 2008

Best Places to Work

The Rockefeller Habits: What, why and how for Denver businesses

Denver Business Journal - by [Sandy Blaha](#) Special to the Business Journal

A hot topic in boardrooms, C-suites, and human resources offices these days is the Rockefeller Habits. They're not the "seven habits of highly successful people," and it's not about breaking old habits.

So what are they? And why should Denver businesses care?

The Rockefeller Habits are the key principles John D. Rockefeller set into play to master the oil industry. They've gained recent popularity thanks to a book by Verne Harnish, titled "Mastering the Rockefeller Habits: What You Must Do to Increase the Value of Your Growing Firm." And today, businesses worldwide are learning how to implement the habits to help their own companies build and sustain growth.

The Rockefeller Habits have been credited with improving a company's profitability to three times industry averages, boosting cash flow to twice that of its industry and increasing market valuation by a factor of 10. Individual executives report time savings of up to 35 hours per week.

With metrics like that changing the look and feel of the workplace, businesses are paying more attention.

The three essential habits

The Rockefeller Habits are the three keys Rockefeller described as essential to the successful management of a business — priorities, data and rhythm — and the framework in which to manage them.

"Priorities" focuses on setting priorities for the business — including a clear, No. 1 focus — and communicating those to everyone in the organization so that each person maintains ones that align with the company's.

Data refers to the need for organizations to have the right type and amount of data available on a daily and weekly basis to provide insight into how the business is running and into how it's serving market demand. The habit concentrates on the importance of creating and managing leading indicators and key metrics, and for each individual to drive his/her performance, short term and long term.

Rhythm is about running well-organized daily, weekly, monthly, quarterly and annual meetings to maintain alignment and drive accountability through every level and every individual in the company.

The faster the rhythm (group meetings and metrics reviews), the faster a company will grow.

Building a framework

Rockefeller's core premise was that success is the sum total of all decisions made in an organization. A framework, with specific tasks, details how leaders can apply these principles to the four decision areas every growth company needs to get right: people, strategy, execution and cash.

Using a framework formed by principles and accompanying tasks is not new or groundbreaking. It is, however, often lost in growing companies, in businesses run by executives with little prior experience, and in organizations plagued by lack of alignment and direction.

Implementation of the Rockefeller Habits framework for optimizing decisions is often expressed with a "4-3-2-1" approach.

Four decision areas:

- People (happiness, turnover, employment/hiring).
- Strategy (revenue/growth).
- Execution (profit/time).
- Cash.

Three key principles (described).

Two drivers, which outline and fuel the company's perception and output:

- Reputation.
- Productivity.

One coach, who coordinates the drive toward the one identified priority.

The coach works with the company's CEO or president, and the rest of the executive team, to drive the implementation of the growth plan. Ideally, each manager also would work with a coach who will push, challenge and hold them accountable as they grow as a leader.

The tasks that make the Rockefeller Habits' principles tangible range from setting up an executive situation room for rapid-response meetings and securing bank financing to

establishing an efficient internal-communications stream. They're designed to provide specific, substantial direction to meet the basic needs for business growth: the need for the executive team to grow as leaders in their abilities to delegate and predict; the need for systems and structures to handle the complexity that comes with growth; and the need to navigate the increasingly tricky market dynamics that mark arrival in a larger marketplace.

Results

Consistent and routine implementation of the Rockefeller Habits' underlying tasks produces concrete results for even the most skeptical.

The framework ensures that executives are able to focus on driving organizational performance and results by engaging employees. Human resource leaders gain a framework to become integrally involved in strategic planning, earning a role as a true business partner. Employees have clear direction, input, performance metrics and means to measure accountability.

The bottom line is truly the bottom line. Companies that stringently implement the framework see the results in their profitability, cash flow and valuation, and outperform the competition in their industries.

And with many senior executives report recouping up to 35 hours each week, that amounts to a gain of more than 200 work days — more for those who regularly put in more than eight hours a day. That means that managers can make sure to take charge of their careers and lives, working to their best and highest use — and become true leaders in the process.

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