

The Four Cornerstones of Business Success

by
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Pablo Casals, the world-renowned cello player, often reminded his admirers that he always practiced the scales before he began rehearsing a complex piece of music. Great basketball players practice shooting free throws every day. No doubt Tiger Woods regularly practices his putting. The message is clear. **For stellar success, the unglamorous and routine fundamentals must be actively practiced and maintained.** This axiom is as true in business as it is in sports and music.

I have learned that there are very few (if any) shortcuts, easy answers or simple solutions to the demanding complexities of starting, growing and leading a successful enterprise. Business media headlines and book jacket covers might suggest that someone has discovered a breakthrough method for guaranteed success, but genuinely new concepts are few and far between. To be sure, there's new packaging, new perspectives, and new insights that are welcome and valuable, but the stuff of managing and leading is much more about doing the hard work, mastering the fundamentals on a consistent basis, than about the application of a new technique or program.

This white paper will present the four aspects of business that comprise "the fundamentals" I consider essential for building, growing, and sustaining a successful enterprise. These fundamentals apply to businesses of every size, in any industry, as well as non-profits and other organizations. **Wherever there are people and transactions, there are four basic issues that need to be effectively addressed ~ not once, not occasionally, but continually and consistently.**

Successfully managing and leading a business is an ever-evolving responsibility and opportunity. The concepts outlined in this paper are useful for an organization at any point in its life cycle: whether establishing a new business, moving from the entrepreneurial to the professional management phase, or planning the next generation of leadership succession in a mature business. A thriving business manifests on many levels and in various timeframes, but however

high or deep the aspirations of the enterprise, these four concepts can provide an essential foundation for success.

In the 25+ years I have been consulting with businesses, I have seen first-hand the differences between organizations that are very successful and those that falter or don't do as well as they might. While there are many variables, I've been able to draw certain conclusions from these years of observation and close involvement with hundreds of organizations of all types and sizes. From these conclusions, I constructed specific principles of success that seem to naturally organize themselves into four categories, which I like to think of as cornerstones.

Think now, just for a moment, about the building you are in as you are reading this. (If you are outdoors, please picture a building in your mind.) Most buildings have four corners for the main structure. Additional wings may be attached, but most likely the primary building foundation has four corners to provide it with structural stability. In stone buildings, these four key positions were called the cornerstones. This metaphor works very well as a model for business. Just as a building needs a solid foundation, so does a business.

The four cornerstones for business success are:

- 1.) Purpose**
- 2.) Strategies**
- 3.) Skills**
- 4.) Leadership**

For optimal performance, all four cornerstones must be of roughly equivalent strength.

Again, using the building analogy, you can easily see the deleterious effects of a weak or crumbling cornerstone. If one is deficient, the others will have to compensate by being stronger, bearing more of the weight. If *more* than one of the cornerstones is weak, serious problems are likely. As long as there are no strong forces that disturb the delicate balance, a business with one or more weak cornerstones may survive, but a blow to the structure from increased competition, declining economic conditions, or an internal management problem has the potential to seriously compromise the business's stability.

Each cornerstone is critical, none more important than another, with the possible exception of leadership, which is “equal above all others.” Indeed, if I had to select one as the most crucial cornerstone over time, it would be leadership. But an interesting corollary is that the harmony and interdependence of the four cornerstones actually creates the strongest position. The balance of the four elements, all equally strong, is the best foundation for optimal performance.

1. The First Cornerstone: PURPOSE

There are several aspects of purpose. The most fundamental is economic; you have to have a viable business model. Even a non-profit organization must have a viable business model in order to thrive economically. The need to clarify this level of purpose may seem self-evident, but many businesses never achieve economic success due to a faulty business model. A sound economic premise can be modified, refined and improved over time. A once successful model may need to be changed, updated or even completely re-vamped as circumstances and markets change. **But long-term success will not happen without an economically viable business model.**

The context for the business is another aspect of its purpose. A business requires many participants beyond its owners and employees. There are customers/clients, suppliers, and other interested parties, and a truly successful business considers its responsibility to all of these parties, not just its owners or shareholders. **A successful business recognizes and respects the fact that they exist within and because of a larger community.**

Businesses who embrace their role as “good neighbors” are a source of pride and distinction in their communities. To illustrate this point, take a moment now to remember the town where you grew up. Recall the places that create that picture in your mind. For most of us, that picture will include one or more business establishments, a repository of some of our most powerful memories. Personally, I can vividly recall several businesses from my hometown of Lafayette, Indiana, especially McCord’s Candy Store and Soda Fountain (for obvious reasons) and Alcoa Aluminum, a leading local employer.

The scale of the community you serve can range from small town to international, but the spirit that propels the conviction is the same. For true business success, embrace and integrate your company into your community. It provides a sense of purpose beyond the economic. This is especially important to employees. The most successful companies understand that taking good care of their employees is the essential first step toward any other goal. Without a true commitment to the well-being of its employees, an enterprise will be unable to sustain long-term success. Your company must also consider its environmental responsibilities and insist on being a good steward of our natural resources.

Having a strong sense of purpose is also what enables a business to thrive and prosper over the long term. Sustainability is the “foundation of the foundation.” There are four elements that comprise what I call the Guiding Principles for an organization. (The model of four cornerstones repeats itself.) With these four principles firmly established, an enterprise strengthens its resilience, increases its ability to effectively meet challenges, setbacks and changes, and develops a strong internal guidance system.

The first guiding principle of sustainability is *Vision*, which is your **highest aspiration and reason for being**. It is a brief description of a better future made possible by your product or service. What is the most inspiring and meaningful purpose for your efforts? Your answer should be a powerful and compelling magnet that draws people in your organization forward.

The second guiding principle is the *Mission*, a **simple and straightforward explanation of what a company does, for whom, and to what end**. For example, the mission of Google is “to provide information to everyone on the planet.”

The third principle, *Goals*, is a **set of desired achievements and milestones** chosen by the organization. Goals set the focus, determine the priorities, and provide a platform for resource allocation decisions. Goals often have a time frame, such as one, two, or five years. Objectives are the incremental steps toward those goals.

The final principle is a set of organizational *Values* that **guide the company's conduct and define its character**. Johnson and Johnson made a public demonstration of its corporate values of integrity and trust by removing all of their Tylenol products from shelves around the world in the 1980s, during a package-tampering crisis. By contrast, the debacles of Enron and WorldCom in the 1990's, and now the Wall Street financial firms in 2008, are ready evidence of those companies' *actual* (not necessarily their stated) values, which proved to be indeed unsustainable. Please note that a company's stated values must be genuine in order to be meaningful. Nice sounding platitudes are not sufficient, and employees especially will see the hypocrisy and incongruence if the company's stated values are not sincerely honored.

An excellent example of this first Cornerstone is the Kunde Family Estate Winery in Kenwood, California. A fifth generation family business, it has successfully navigated the transition to a professionally managed, "destination" winery in the famed Sonoma Valley. Part of this transition included revisiting the company's vision and mission, and creating a strategic plan for achieving a set of ambitious new goals. Hand painted in beautiful calligraphy on the wall above the wine bar in their tasting room is the following phrase: *Kunde Estate Winery and Vineyards ~ a Family Winegrowing Legacy since 1904*. The company vision statement is: *Winegrowing that honors the earth, the people, the legacy, and contributes to the pleasure of life*. The process of updating its guiding principles has served the company well, positioning it for the increased growth and success it has subsequently achieved.

In summary, **your business purpose is the heart of your business**. Once the multiple levels of your purpose are firmly established, the second cornerstone, Strategies, is ready to be placed in the foundation.

2. The Second Cornerstone: STRATEGIES

This is the intellectual aspect of your business, the place where intelligence, research, reasoning, analysis, and judgment rightfully prevail. **A strategy is a chosen path, a conscious commitment to a set of actions based upon the analysis of information related to the company's goals and shaped by its vision and values**. The caliber of its strategies separates a

successful company from a mediocre one. Sound strategies are necessary for all the basic **functions** of the business, including: production/service delivery, finance, human resources, and marketing/sales. Each deserves its own mini strategic plan. This ensures the coordination of all the basic functions of the enterprise. Each part of the whole must have its own strategic integrity as well as fit smoothly into the overall company strategy, each part supporting and complementing the other elements. A degree of creative tension between the functions is natural, and quite valuable, but irreconcilable differences or unresolved conflicts between functional areas of a business will weaken it significantly.

After the functional areas of a business are clearly defined, we can consider its **structure**. How is the work organized? The organizational structure can either materially facilitate or hinder the work of the enterprise. With contemporary developments in workplace technology, cultural norms, social intelligence and knowledge management, the preferred structure of organizations has evolved towards less hierarchy, more participation, and more self-directed, virtual and dynamic teams. The challenge is to design an organizational structure that is logical and effective in achieving its purpose – coordinating the work of the people in the organization.

Processes go hand in hand with organizational structure issues. What are the methods for doing the work of the organization? What sets of systems are needed? How can service delivery or product creation be made more efficient for workers and more satisfying for customers? The concept of continuous improvement fits into this realm. Processes are often temporary systems, which require regular evaluation and revision.

There are also aspects of strategy that are **time-related**. What is the natural cycle of your business? What is its rhythm and how do you work with it? Some company goals may be very long-range, while others are mid-range or short-term. All the various time perspectives are necessary for optimal growth and sustainability. Although goals frequently have a general time frame, the specific objectives required to reach those goals need to include a clear timeline in order to ensure action and commitment of resources.

Let's use the Kunde Family Estate Winery again to illustrate the effective use of strategies. The company decided to capitalize on their exquisite asset of 1850 acres of prime location in the famed Sonoma Valley wine country. They subsequently set in motion a series of action plans to convert their already attractive winery into an even more desirable "destination" for visitors. In a few short years, the friendly and casual winery has transformed itself into a popular stop for wine tasting and has earned awards for their environmental and conservation standards and their innovative programs to educate visitors and the community on sustainable winegrowing practices.

Developing intelligent strategies is a great opportunity for a company to artfully combine several skill sets: the discipline of information analysis, the willingness to learn the lessons of history and experience, the research required for insight and educated forecasting into the future, and nurturing a company culture that supports creative ideas for doing things in new ways. This brings us to our next cornerstone.

3. The Third Cornerstone: SKILLS

Skills, expertise, and execution are the physical, real-life manifestations of a business's purpose and strategies. With clear purpose comes intention and commitment. With intelligent strategies comes focused effort and decisions about resource allocation. And now the matter of skill becomes relevant. **Without excellence in execution, all the inspired purpose and brilliant strategies will be for naught.**

The greater each individual's skill level, the higher will be the caliber of the overall work produced by the enterprise. Some skills come with the person and some are learned or developed on the job. As Jim Collins puts it so well in his excellent book *From Good to Great*, the first task is to "get the right people on the bus." Hire the most skilled and intelligent people you can into every position, then provide them with the resources to do their jobs.

In every organization there are both formal and informal groups. The effectiveness of any type of group is ideally more than the sum of its parts. Communication, systems and procedures, and

a spirit of teamwork are all examples of group skills. If you have ever had the good fortune to be part of a true team, you understand how powerful this experience can be. The level of performance, high morale, and productivity within a true team is well worth striving for. It is one of the great joys of organizational life.

Even more complex (and exponentially more powerful) are the possibilities of company-wide skills. Over time, organizations develop a character, a “company personality,” and ideally, a set of skills as a result of all the individuals that have influenced and guided it throughout its history. Organizational skills can be nourished and taught, and they are usually best appreciated with a long-term perspective. Just a few examples of company-wide skills might be: resilience, innovation, discipline, and conflict resolution. One of the most important skill sets for long term success is having a culture of accountability. Companies where accountability is clear and systems are in place to support this practice are dramatically more successful than companies that are lax about accountability.

In working with Winzler & Kelly, a 58 year old California-based engineering company, I have been struck with the across the board high level of skill throughout the organization. They call themselves a “bottom-up” company, which reflects their commitment to excellence and high performance standards permeating all levels of the 300 plus employee organization, distributed over ten offices and several time zones. Just a few examples of their company-wide commitment to a high level of skill include: an internal leadership development program, a system of quarterly performance reviews, and a variety of recognition programs for professional certifications, community service, project management and business development.

This very successful engineering firm is an excellent example of what can happen when a business operates at a high level of skill throughout the organization, from the individuals to the various teams and the entire company. Achieving this very significant level of company-wide competence calls forth the essential and final cornerstone.

4. The Fourth Cornerstone: LEADERSHIP

Leadership, our last cornerstone, is the most human element and also the “spiritual” aspect of the business. With good leadership, an organization’s purpose can be focused and fulfilled, creative strategies can be developed and executed, and skills can be learned and celebrated. Without good leadership, very little of consequence can be achieved or sustained. The work of leadership has four primary facets, and they illuminate why leadership has a spiritual aspect.

The first is **values**. Strong leaders have a clear set of personal and professional values. They know what’s important and why, and they base their actions and decisions on their value system. The ever-present flux of circumstances and myriad of pressures and decisions that face a leader require a strong internal gyroscope. Consistent and reliable adherence to their values (for example, integrity and honesty) is a hallmark of great leaders.

A close cousin is the second aspect of leadership: **principles**. These are the guiding beliefs based on the leader’s values. Some examples include: “expect the best” and “give people a second chance” and “teach by example” and “never give up.” The list of principles may be many or few, but each leader will have his or her signature principles that provide crucial guidance and illustrate their values.

The third aspect of leadership is **practice** ~ the real-world execution of a leader’s values and principles. Leaders cannot escape the influence of their own example. What a leader does is even more important than what he or she says. It is imperative that a leader “walks their talk.” Employees critically and astutely observe the behaviors, attitudes, and words of their leaders, and congruence is essential.

Finally, leaders must be **authentic**. Although excellence is the goal, perfectionism is not the means to that end. The job of a leader is too complex and challenging to expect perfection. But people who are comfortable with themselves, have a good command of emotional and social intelligence skills, and can communicate effectively in a genuine and authentic manner will be trusted and effective leaders.

The job of leadership is to continuously direct the energy and resources of the company, to use the company's collective intelligence responsibly, and hold high the standards for all four cornerstones of the business. The art of leadership is a subject unto itself, and many excellent resources are available for the personal and professional development that is required of a leader: personalized, individual coaching, executive leadership programs, books, DVDs/audiotapes/videos, seminars and workshops, and webinars/distance learning are some of the possibilities. Investing in improving your leadership skills will return the investment many times over.

SUMMARY

Many of the factors that influence our businesses are beyond our control. However, our personal skills and the discipline to use them wisely are within our control. When you invest your time, intelligence, energy, commitment, passion and perseverance in your company, you will have the satisfaction of creating something of distinct and lasting value. You will have created a thriving company, successful on many levels, important and meaningful to many people and to your community.

By using this metaphor of the four cornerstones of business success, you can evaluate your organization, assessing these four elements and identifying any areas that may need strengthening. **For optimal success, purpose must be articulated, renewed, and communicated. Strategies must be created, implemented, and evaluated. Skills must be valued, developed, and shared. And leadership itself must be conscious, consistent and inspiring. When a business is strong in its fundamentals, it can develop the capacity for greatness. For there will certainly be no greatness without the basics being continuously maintained and improved. Excellence in purpose, strategies, skills and leadership is the way to exceptional business success.**

About the author ~

Mary Luttrell helps business leaders turn challenges into opportunities that move their organizations to new levels of success. With more than 25 years of consulting experience, she is known for her ability to simplify complexity by creating inspired yet practical action plans.

Management consultant, executive coach, organizational analyst, business strategist, expert meeting facilitator, and innovation/creativity specialist all describe Mary Luttrell. Renowned industry analyst James Kennedy of *Consultants News* named Mary Luttrell Management Consulting Services as one of the *100 Leading Management Consulting Firms in North America*. She is a Certified Management Consultant, which is a certification awarded by the Institute of Management Consultants USA in recognition of professional achievement in technical competencies, client and project management, and ethics. Less than one percent of all consultants have achieved this level of performance. A graduate of Purdue University, with a Masters Degree from UC Berkeley, Ms. Luttrell had a successful career in health care management prior to establishing her business. She currently writes a regular column on leadership for the *North Bay Business Journal*, www.NorthBayBusinessJournal.com

Ms. Luttrell is a “practical idealist” committed to growth and development personally and professionally. As an idealist, she focuses on what might be possible for her clients, and holds that vision even when her clients can’t yet see it for themselves. Highly ethical and values-based, she inspires clients with her enthusiasm and quiet confidence and then provides them with the practical skills and tools to help them realize their potential. Ms. Luttrell’s clients appreciate not only her expertise, but also her sense of humor, wisdom, and common sense.

She is an active and involved member of her community, and has served in leadership roles in numerous organizations, including professional associations, the chamber of commerce, and non-profit organizations. Ms. Luttrell can be reached at (707) 887-2256 or luttrell@sonic.net.

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