



About sparks

At Catalyst Strategies, we seek to be a catalyst for business growth, a spark that ignites momentum and positive change. Sparks is our new Q&A series designed to fire up ideas about growth. Each edition will feature interviews with respected business leaders sharing their insights and expertise on a current hot topic related to business growth.

In this volume: focus

In this volume, we explore **the value of focus** and approaches to achieving it during these uncertain times. We discuss the topic with three talented business leaders:

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John Clendening,
EVP, Shared Strategic Services at financial services leader Charles Schwab



Jeff Stiles,
SVP, SME Marketing at enterprise software leader SAP



Gina Bianchini,
co-founder and CEO of Ning, a leading social networking platform

Highlights

"The opportunity to differentiate is very limited if 90% of your focus is on trying to mimic or catch up to what others are doing."

"[F]ear ... really runs counter to being focused."

- Clendening

"Focus makes you invest in the basics that build a foundation for growth when it comes."

"A lot of companies lose their way because they lose focus on what's delivering value to customers."

- Stiles

"Focus means having really clear priorities and definitions of success."

"Growth, revenue, or efficiency – [an initiative] needs to be in support of one of these things ... to be something we'd focus on."

- Bianchini

About Catalyst

Catalyst Strategies helps technology and service companies reach their full growth potential. We identify growth opportunities and support clients in getting market traction. We drive competitive advantage — delivering robust business, product, and customer strategies. Clients hire us the first time because of our market orientation, deep industry experience, collaborative style, and agility. They bring us back time and again because they see tangible results from our work.



Focus is fundamental

For **John Clendening**, **EVP, Shared Strategic Services at Charles Schwab**, a focus on business fundamentals and an eye on the future help shape day-to-day priorities.

mantra for '09

Anticipate the recovery ... seize the chance to profitably grow share.

favorite catalyst

Uniquely meeting client needs ... in a way others find difficult to replicate.

bio

John S. Clendening is responsible for profit and growth via Charles Schwab Bank, the Schwab Center for Financial Research, the Client Loyalty Initiative, and cross-enterprise strategy and platforms. Prior to Schwab, Clendening held executive positions at Savista Corporation, Living.com, Consumer Bank of First Union, and Minute Maid. Clendening holds a B.A. in economics, from Northwestern University and an M.B.A., from the Harvard Graduate School of Business Administration.

Q What does **focus** mean to you and your organization?

A I think about it in two ways. One is a task orientation - being attentive to the task at hand, and seeing it through execution. The second, is a focus on the future – on where things might be going next. There's a tension between the two of those but I've learned that if I don't specifically carve out time *and* energy to focus on anticipation, then I don't do it well.

Q Is 'anticipation' a longtime practice for you?

A Well, I'd like to say it's longstanding. I've been more or less effective at it depending on my environment. I had the benefit of being in a company many years ago – prior to Schwab – that was very, very reactive. I realized how debilitating that was for impact. We were always trying to catch up to an idea that came from headquarters or that we'd seen a competitor do. If you're doing that, you're always staying one step behind everybody. The opportunity to differentiate is very limited if 90% of your focus is on trying to mimic or catch up to what others are doing.

And, in an economy like this, the temptations are greater, pulling one toward being reactive and living only in the moment. There's a lot of uncertainty around what the future will hold. So, in a market like this, I'm reminded of the need to spend sufficient time thinking about the future and its possibilities because we won't always be in a downturn. Things will get better.



Q What tools do you recommend for looking at the future and getting focused?

A Well, I don't know if these are all tools but I can name some practices and capabilities a company can put in place that are very helpful. The first is a capability of understanding the client and how sentiment is changing at the root level. This is far deeper than a focus group-level of insight. This is a bedrock tool to predict how things might change in the future. You can't anticipate anything if you are operating at a literal, on-the-surface level.

Second, having consumer segmentation frameworks which can focus your enterprise and yourself, and that you continue to test, and are open-minded to morphing. Third, really understanding where you make money, and how, under different environments, your revenue and profit streams change over time, is also bedrock.

I learned from someone who was very influential in my career that you can be much more nimble and inspirational in terms of meeting client needs if you've got those three foundations established. And, you need those capabilities to do the next thing, which is to have a hypothesis-driven approach to establishing a range of possible future environments. Ask yourself, "If these are some outcomes that we may be faced with in a year or two or three, what does that mean for our firm? What are the different actions we'd want to take?"

Lastly, a technique that works well is to ask, "Which environment do I think I'm in? If I laid out a few possible worlds I might be living in a few years from now, how do I know which one I'm heading towards? When do I know I'm there?" If you do that, you're in a position to activate a particular course of action that you've already considered and make sure you're living for that next couple of years, as opposed to only living in the moment.

Q How do you drive that mentality and approach throughout your organization?

A Primarily by creating specific goals around the desired future state and then backing into work plans that are designed to deliver that, as opposed to leaving it to chance. Also, Chuck (Charles Schwab) and Walt (Walter Bettinger, II) have an operating model where the expectation is that you're executing against the business at hand, but also creating differentiation versus the competition. In the center is a focus on the client. There's not much of a premium placed on asking, "What should we have done yesterday?"

Q What are some ways that you communicate your critical areas of focus?

A We use a number of mechanisms. A lot of it is one-on-one, but we try to use a multi-channel, multimedia approach. So, in addition to having our plan of record that has evolved during the course of the year, we use webcasts, internal websites, governance structures, and other things to make sure there's clarity in what we're focused on and what our progress is.



Q Any big challenges in getting people on the same page?

A What continues to surprise me is how long it takes for an entire organization to understand when a change in direction has occurred – such as the establishment of a new strategy, or a new way of thinking about the client or the consumer. It’s remarkable how long it can take for that to be fully embedded and embraced. You’d imagine, or you’d like to think, that just a few communications and boom, it’s all clear, but that’s definitely not the case. You scratch your head over that, but at the same time, you know that the success you achieve is going to be proportional to the degree to which there’s an enthusiastic embrace of the new direction.

You’re definitely looking for something more than mere alignment to direction. If it’s not emotionally held, then the employee engagement isn’t going to be sufficient for dramatically strong performance, especially if you’re looking for strategic change.

Q Have you been in an environment where it was very difficult to focus?

A Yes. What comes to mind is a case at a previous financial services company where our branch had been No. 1 in the category but now was declining to a No. 3 player. We had lost a ton of share, and couldn’t command pricing with consumers or the retail channel. The firm was struggling overall and a bunch of new leaders had come in. I was at a lower level and yet had accountability for a piece of the firm.

That was a pretty tough environment to get focused in since the performance was so poor, and what I was working on was core to the company. The idea flow was huge but the quality wasn’t that great. You had the feeling of being on a treadmill, of just surviving and getting through the day-to-day.

What I learned is that, an environment of fear really runs counter to being focused and to the self-confidence that’s needed to say, “I’m *not* doing a bunch of things just for the sake of being busy, and I’m pretty darn sure that what I *am* doing is sensible.” When you’re operating from a position of fear, the success criteria almost becomes, “Hey, we’re doing stuff! We’re doing stuff! We’re in bad shape, but look at all the things we’re doing!”

I’ve found that, when that happens, it is typically a manifestation of a couple of things. One is not having those foundational capabilities built, such that you can narrow down your choices to ones that are really good, and also realistic. Second is a crisis in leadership. When leadership is frenetic, you’re not going to see execution. You just can’t. You’re also not going to have any self-confidence among the folks within the firm. People check out. They ask themselves, “Is this new thing we’re being asked to do really the thing we’re going to stick to?” So that was a case where I learned to set aside enough time to be focused on the breakthrough idea or combination of ideas that could really move the needle.



Q How do you know when you're doing it right?

A That's a great question. How do I know? For me, the real answer is, "You know when you know," because you can see the quality of the work that's being done, and know if it's spot-on or not. And, if you've got front line people who are dealing with clients every single day, you know if you have momentum because they know if you're selling things to people, and servicing consumers. Over time, of course, you also know it in your performance. But, you're not going to know your performance immediately. Oftentimes there's a 90-day to 12-month lag on that information.

Q Given what's going on in the economy now, what have you shifted your attention away from to increase your focus?

A My approach is start by making absolutely sure that I've got the right focus on the future. I don't think bottoms up, asking "How do I prune, how do I make room for new things?" It's more of a top-down, "I've got to make room for that sort of thinking" approach. If you do that, and make sure the execution is where it needs to be, there's not really room left for anything else. The things that *aren't* getting done don't even come to mind. I don't even know what they are. If you feel like you're focused on the right things, you don't really have to worry about what you're not doing.

Q Any advice for others trying to achieve growth as the economy turns around?

A Make sure you're spending enough time developing unique insight about your consumer, your competition, and your economics. If you aren't spending that time, there's no reason to believe you're going to do better than others once the recovery takes root.



Focus is unifying

For **Jeff Stiles, SVP, SME Marketing at SAP**, focus is a critical management tool that keeps his worldwide teams in synch.

mantra for '09

Focus on business impact.

favorite catalyst

Clarity. It's fundamental to driving aligned execution and results.

bio

Jeff Stiles leads the global solution marketing, customer insight, programs, and channel marketing teams for small and midsize business solutions at SAP. Jeff has also held key positions at Oracle, PeopleSoft, and Cognos Corporation. He is a frequent panelist and presenter at corporate and industry events. Jeff holds a B.S. in Business Administration from California State University, Chico, majoring in Finance with a concentration in Economics.

Q What does **focus** mean to you and your organization?

A To me, focus means prioritizing – almost ruthlessly – to stay engaged with the right activities and make the right investments.

Q Where are you putting your focus now?

A In good times, you tend to spread your investment and make more investment at the top of the funnel on things like advertising, awareness, and perception-based activities. But, in more challenging times, like those we're facing in 2009, you look at pipeline acceleration and pipeline coverage as your primary targets or KPIs. Right now the measure of success is revenue. The mix of our investments is much closer to the transaction now, which means there are some activities we are simply foregoing to refocus on other things. Focus makes you invest in the basics that build the foundation for growth when it comes, and it will come.



Q These are interesting times. How do you think they affect a company's need and ability to focus?

A Times like these give you the opportunity – the liberty, really – to reevaluate overall priorities and make some hard decisions about what you're *not* going to do. They force you to refocus on the basics like customer value, which should be part of the DNA – part of the fabric – of everything the company does. If you're not creating customer value, well, you probably don't have a long-term winning proposition.

Also in good times, you have the ability to test and try new things and make some bets. I don't think we're going to be in that situation for quite some time. We're focusing on really practical execution. And that's not a bad thing. In many ways, this downturn is a catalyst for transformation within SAP. The lean times are helping us to look across our business and share best practices – to learn from and employ those approaches.

I look at this economy as an opportunity to build a highly functioning team that can increase impact on the business. The good news is that, by doing so now, we'll be prepared for growth when that is possible.

Q What was your decision process for determining your current focus?

A In early October, I was in Russia with our global Small and Mid-sized Enterprise (SME) field leadership team and the economy was in a freefall. The national stock market in Russia dropped 19 percent in one day. Interest rates for unsecured loans rose by something like 16 percent in one day. It became very apparent that it wasn't business as usual. Those events forced us to focus on identifying actions and services that could have the maximum impact on generating pipeline and accelerating revenue.

We made a concerted decision right then to reduce the number of outbound marketing campaigns and focus more narrowly on what we could do to help our customers where they need it right now – things like helping them manage their liquidity and cash flow. We identified a whole series of solutions and, six days later, we were in market with something that we call 'Best Run Now'.

The situation forced us to quickly align on not just a sales acceleration program, but essentially, to reorient our whole go-to-market approach around packages that address specific business issues. It was the kind of pragmatic step we needed to take and it's now a big part of what we're doing in the company overall in terms of our go-to-market during 2009.



Q How do you communicate focus out to your team?

A A clear and simple set of priorities is easier for people to focus on. You just can't say it one time. I have a joint sales and marketing priorities slide that I use and reuse and reuse. It outlines our priorities in terms of where we're going to 1) initiate investment, 2) continue to invest at a commensurate level with prior years, and 3) refocus our investments.

Q What are you hoping to drive – besides revenue – with your focused approach?

A Reducing our cost per lead and improving conversion rates are also important. We're introducing new pipeline acceleration metrics this year because our marketing impact doesn't just stop with generating leads. We need to help the sales team accelerate leads to a close as well.

Q How have you herded cats when the senior management team doesn't agree on a direction and focus?

A That's the hardest part of my job. We're dealing with 50 plus countries so getting them all to focus on a common set of a few priorities is absolutely critical. First, diplomacy matters. It sounds trite, but helping people get to a compromise is an art and a requirement in business. Getting there based on verifiable and agreed upon facts is also critically important. A large part of focus is agreeing on what needs to be done and the facts that will support any particular decision.

Finally, being explicit really matters. Asking, "What's the governance structure going to be?" Everybody has a different idea. And, when you're making decisions across multiple geographies, cultures and organizations, it can get complex really fast. The biggest thing is to have a common view of information so you're not quibbling over whose facts are right in order to make decisions.

Q How do you confirm you are delivering value?

A Well, if you have the luxury of having a market intelligence function, a customer intelligence function, and a competitive intelligence function, all three of them will tell you things and sometimes they'll tell you different things. If you don't have all three, talk to your customers and definitely talk to your sales people.

Q What's your best advice for someone leading a business that needs to get focused?

A A lot of companies lose their way because they lose focus on what is delivering value to customers. So first, look at your value proposition to the customer. Second look at your position in your market. Your position determines the way you go to market, the way you compete, and how you message to that marketplace. A lot of people don't think explicitly about that.



Focus is success

For **Gina Bianchini, co-founder and CEO of Ning**, focus is all about defining and realizing success.

mantra for '09

Control our own destiny.

favorite catalyst

The Ning community!

bio

Gina Bianchini is the co-founder and CEO of Ning, a platform for creating your own social network for anything. Prior to Ning, she was co-founder and president of Harmonic Communications which was acquired by Dentsu. She has also held positions at CKS Group and Goldman Sachs & Co. She has a B.A. from Stanford University and an M.B.A from Stanford Business School.

Q What does **focus** mean to you and your organization?

A Especially as Ning grows, focus for us means having really clear priorities and definitions of success. For example, as we plan for the next quarter, we're asking ourselves "What are the things that we're going to look back and judge ourselves on?" For a company of our size – we'll pass a million social networks on Ning this week – the ability to define success very, very clearly allows us to keep focus while having our tentacles in more things than we could have when we were a much smaller company.

Q How do you keep focus on what's important for growth?

A Well, hopefully we're sitting here at the end of the quarter and our definitions of success have led directly to growth. So, if we don't see a quantifiable increase in X, Y, or Z, then we've got a problem. We haven't defined success correctly then.



Q Have you made adjustments due to the economy or is it business as usual at Ning?

A No, it's pretty much business as usual. We've been very scrappy from the beginning and we're on a growth trajectory. We're not in a situation where we had a revenue stream suddenly disappear.

Q Have you had to say "no" to some things in order to be focused?

A We've been pretty well focused from the start so we are not going back and cutting a lot of activities now. I think the biggest thing that happens as a company gets bigger and has an established product is that, when you make changes, people care. When you have a million social networks, you can't wing it the way you could when you had 25,000. Maybe it's not completely relevant to what other people are going through but, for us at least, quality is our greatest focus right now. Quality and the ongoing effort to make sure that we have the right goals, and that everybody's on the same page with those goals.

Q How does your executive team figure out what matters? What are your criteria?

A We define it. We say, "Here are the things we think matter. And, based on those, here are the things we're going to go do, and here's how we're going to know if we're successful." Our criteria are growth, revenue, and efficiency. Does it move the needle on the business? It needs to be in support of one of these things for it to be something we'd focus on.

Q How do you make sure everybody's on the same page?

A We communicate to the company at all-hands meetings, in emails, at staff meetings, and one-on-ones, making sure that everybody has the same simplified message. Then it's a matter of measurement.

At the end of the quarter, you've either done what you said or you haven't. We just did our quarterly review and, of the ten things we wanted to do, we did eight of them and the other two are going to be things we do in the next three weeks. I think it's keeping the focus on what really matters as well as defining how we know if we're successful in a specific timeframe. And, sometimes it's widening the timeframe a little bit to get done the things that really move the needle.



Q Have you had a situation where it's been hard to get your team focused?

A No. It's never an issue of where it's hard to get the team focused. The thing that actually becomes challenging is when the ground is changing under your feet really, really quickly, and you've got a team that you're managing, and wanting to give them direction, and you don't actually know what the right things to focus on are because the market conditions are changing. You're getting new data all of the time.

You can be the smartest person in the world, and the most decisive person in the world, and yet, if you're making decisions in that environment, it's really challenging. You just have to know what's important to you, and focus in on those things, and then do your best to try to execute against them. It's really important that you try to get as much clarity as possible.

Q Could you categorize the ten success measures you looked at last quarter?

A Our success measures are 100 percent focused on growth. Specifically, we look for positive impact on the business from key growth drivers like a better user experience, efficiency and performance.

Q Are there a couple of metrics you find are fundamental to your business, or any business?

A I think the metrics to look at are totally based on the business you're in. Obviously, at the end of the day, revenue and profit matter more than anything else. But every business is different in terms of its critical performance metrics.

Q Do you think focus for Ning is different than for other businesses?

A Nope. While timing and staging of priorities might be different from company to company, at the end of the day, you need to make money.