Caswell CORPORATE COACHING Company

*Making good companies even better – worldwide*

NEWSLETTER
July 2014
Volume 14, Issue 6

# The Rules of Business

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Bill Caswell is an experienced coach of CEOs and senior executives around the globe. The author of 14 books, Bill has penned the 12-book series *The Respect Revolution* written, by a CEO for CEOs, as a guide to getting your company to *Excellence* and keeping it there.

**A business newspaper article on the May 26 by Michael Kelly of Wilfrid Laurier University reviewed a new business book "Three Rules" by Raynor and Ahmed, consultants with Deloitte's. Fortunately, this business book appears to offer sound business rules – vs. many other popular business books that really missed the point. Many of those other books analyzed successful companies as learning examples, but it was found, a few years later, that such idealized companies were no longer successful by following those same rules. The authors of "Three Rules" realized that most of the so-called lessons of a great many business books, while truthful of those subject companies, were not the lessons that provided a source for their long-term success. It left Raynor and Ahmed to conclude, after a very careful analysis, that there were only three rules for business success.**

The three rules of Raynor and Ahamed are:

1. Better before cheaper (Build the product well; stop trying to be the cheapest option.)
2. Revenue before costs
   (When the company stumbles, find ways to increase revenue rather than to cut costs.)
3. There are no other rules

Although those three rules are correct, I believe they are not sufficient. We would toss rule #3 out the window because we know that other rules have to be followed to obtain success.
How do we know?

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- A loudspeaker company in Ontario moved from last in its ranking in a group of 9 global companies to number 1 within two years
- An indigenous company in the far north of Canada broke the $300-million sales level while employing this 'system'.
- A manufacturer in Mexico of plastic cases (used by food suppliers, for example), moved from near bankruptcy, to the highest profits in their 20-year history over a span of 1-1/2 years.
- A patent law firm of 26 lawyers in three Ontario cities, with stagnating growth, moved to nearly 200 lawyers over a 3-year time span.
- A steel assembly fabricator in Alberta, with sales of $300,000/yr., climbed to $4 million/yr., over a 4-year time span.

Now onto the rules of business, rules that we feel are essential for business success. We begin with the Raynor and Ahmed imprint; the rest are in no particular order:

1. Better before cheaper (Build the product well; stop trying to be the cheapest option.)
2. Revenue before costs (When the company stumbles, find ways to increase revenue rather than to cut costs.)
3. Openly communicate (Every group in the enterprise should have a meeting at least once a week.)

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4. Establish a flexible option group (which meets once a month to weigh new changes and difficulties that come in the door and to develop an appropriate strategy option to deal with them).
5. Get rid of bonuses and commissions. (Replace them with a fair wage and good management including consequences for failure to perform.)
6. Listen to everybody in the company. (Create any of 15 listening mechanisms throughout the enterprise and review all suggestions, advising the employees of the related action for each suggestion.)
7. Since 47% of new hires, nationwide, look for another job within 12 to 18 months, find a more workable hiring and deployment method. (They exist – but, you must be ready to skip the traditional hiring nonsense.)
8. Take time to understand what really makes people tick; then put it to good use.
9. The CEO has to monitor the finances with a simple method independent of the financial department reports. (The CEO must never claim: "I didn't know what was going on". This implies that the CEO must always know what is going on – not sit there impatiently waiting for the monthly statements.)
10. Nurture your employees (so that they excel; a good manager is one who is in awe of the staff reporting to that manager. No employee sets out to be a bad employee, and since you hired this individual, you know that once this person appeared to be the best of the lot.)
11. Make only one person responsible for a task (Never appoint two people to lead a task. Clearly make Sarah responsible with Harry reporting to Sarah.)
12. Never bundle (Things that are unbundled, are easy to bundle later – finances, tasks, etc.; things that are bundled, when needing resolution, are like trying to stuff toothpaste back into the tube.)
13. Do it NOW! (Don't put off a small task if you can get it out of the way quickly.)
14. Solve your major problems first (resolve the elephant-in-the-living-room issue, before you gamely try to improve the company)
15. If you don't understand something, keep at it until you do – otherwise do not accept it. (If you can't comprehend what the person is convincing you of, be in doubt of that person's qualifications.)
16. Solve problems by getting to root causes, not results of those problems. (The problem of declining sales might have nothing to do with the sales team, but more of how the organization is structured, for example.)
17. Give every manager full control of the manager's defined domain (hiring, firing, assessing, spending, salary levels, etc.)
18. Clarify your company's vision
19. Keep lines of reporting clear (so that every employee has only one boss)
20. Beware of MBA's who shove their MBA at you.
21. Write it down. (We humans really have stupid memories.)
22. Every discussion must lead to a documented action that is followed up (who, what, by when, and with a tracking mechanism). Otherwise, quite wasting any further time discussing.
23. Learn how to defuse emotions – company-wide (and stop the useless bickering).

Perhaps, later, we will craft a table of more rules that are workable and self-evident.

Good luck,

Bill