



A CULTURE OF UNCONDITIONAL LOVE



Following the collapse of Argentina's economy in 2001, Claudio Fernandez-Araoz was ready to tell his employer, executive search firm Egon Zehnder, to close up shop in his home country.

The nation's GDP fell 30 percent and its currency had been devalued by 300 percent. Fernandez-Araoz predicted big losses in the coming year and would focus the coming 12 months on evaluating whether it made sense for the recruiting business to stay in the country.

That's when his partners surprised him. His only job, he was told, was to go back to the Buenos Aires office and tell each member of the staff that they had the "full and unconditional support" of the firm, Fernandez-Araoz writes in a guest blog for the *Harvard Business Review*. That was when he felt the power of Egon Zehnder's culture of unconditional love.

"Any firm that wants to not only hire the best talent but also pull them together into strong and lasting teams can't do so without fostering a compelling and inspiring culture. That's how you overcome challenges and keep your mission going in your absence," he writes.

Building such a strong culture starts with careful hiring, recruiting only the strongest candidates, evaluating those candidates carefully, and not hiring anyone "who was not dying to work in a highly professional, ethical, collaborative firm," says Fernandez-Araoz.

Founder Egon Zehnder and his successor, CEO Damien O'Brien, meet and approve every consultant hired into the business to this day, Fernandez-Araoz writes.

After hiring comes compassionate coaching, in which leaders must excel at listening and developing strong relationships with colleagues. Superb listening by leaders helps employees feel valued and inspires them to develop new healthy habits and competencies, writes Fernandez-Araoz in his book *It's Not the How or the What but the Who: Succeed by Surrounding Yourself with the Best*.

BY THE NUMBERS



30%

Amount Argentina's GDP decreased in the economic collapse of 2001

300%

Amount Argentina's currency was devalued in the collapse of its economy in 2001

12 MONTHS

Amount of time Egon Zehnder spent evaluating whether it made sense to stay in Argentina after the economic collapse



TRUE GRIT: HOW FORTITUDE PAYS OFF IN SPADES

In a recent TED Talk, University of Pennsylvania associate professor and MacArthur Fellow Angela Lee Duckworth discussed two prevailing traits she believes are most pertinent to predicting success: grit and self-control.

“Grit is sticking with your future — day in, day out, not just for the week, not just for the month, but for years — and working really hard to make that future a reality,” says Duckworth, speaking to an audience at the BAM Harvey Theater of New York’s Brooklyn Academy of Music. “Grit is living life like it’s a marathon, not a sprint.”

In her research, Duckworth cites the correlation between the two, noting that self-control “refers to the voluntary regulation of behavioral, emotional, and attentional impulses,” whereas grit “equips individuals to pursue especially challenging aims over years and even decades.”

The methodology Duckworth used to develop her thesis — inventive to say the least — included testing her hypothesis on military school cadets and grade school spelling bee contestants.

“My research team and I went to West Point Military Academy,” says Duckworth during her TED Talk. “We tried to predict which cadets would stay in military training and which would drop out. We went to the National Spelling Bee and tried to predict which children would advance furthest in competition. We partnered with private companies, asking, which of these salespeople [will] earn the most money? In all those very different contexts, one characteristic emerged as a significant predictor of success. And it wasn’t social intelligence. It wasn’t good looks, physical health, and it wasn’t IQ. It was grit.”



Ready to find out where you fall on Duckworth’s “Grit Scale?”

Take a sample survey at upenn.app.box.com/12itemgrit

BY THE NUMBERS

28,879

The number of results “fear of failure” yields on Amazon, according to *Forbes*

10,000

Sample of American adults, which found that grit is associated with higher levels of subjective well-being as well as higher earnings



THE CARE AND FEEDING OF A STRONG CULTURE

Experts on corporate culture offer solutions, but universally emphasize the hard work required to continuously cultivate a strong culture that will create competitive advantages.

As marketing and lead management software company HubSpot grew its employee head count 800 percent over three years, the company faced many growing pains that a maturing startup must address. Product manager Karen Rubin writes for the *Harvard Business Review* that its executives faced those challenges by emphasizing communication and measurement.

The communications aspect was a two-way street, starting with vigorous listening, followed by efforts to get the management team to present a unified story in communicating back to employees.

HubSpot followed that up by taking steps to regularly and consistently measure employee happiness in order to spot speed bumps for the fast-growing company before they grew into immovable obstacles.



A DIFFERENT TAKE ON COMPETITION

As companies in a competitive global marketplace find themselves battling hard for customers and finding narrower and narrower margins, authors W. Chan Kim and Renée Mauborgne advocate charting a new course.

Instead of fighting head to head, Kim and Mauborgne say companies should look for the “blue ocean” of uncontested market spaces, instead of fighting it out in the known “red ocean.”

Identifying and capitalizing on a new market space with growth potential provides companies with differentiation and growth at a low cost. More succinctly, creating an uncontested market space makes the competition irrelevant.

While innovation is typically perceived as an experimental process, authors Kim and Mauborgne offer a method to systematize “blue ocean innovation.”

They have built a four-step framework to

find the blue ocean for your business, built around four questions:

- ➔ What factors should be raised above the industry’s standard?
- ➔ Which factors that the industry has competed on should be eliminated?
- ➔ Which factors should be reduced well below the industry standard?
- ➔ What factors that have never been offered in the industry should be created?

The Bloomberg business news service offers a classic example of blue ocean strategy by selling to traders and analysts who must make rapid decisions with new information, rather than on selling terminals to IT managers in charge of purchasing.

By focusing on the users rather than managers, Bloomberg was able to make its terminals essential to customers who demanded that IT managers buy the product.

BLUE OCEAN INNOVATION

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Women on Boards A Competitive Advantage

The Committee for Economic Development, a nonpartisan, economic think tank, believes fostering the growth of women on corporate boards is not just common sense, it's a competitive advantage. Join CED in urging corporations to make women a higher priority in recruitment for board positions.

If you are interested in becoming a CED Trustee please contact Mindy Berry, mberry@ced.org.

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