

## Recap of my key takeaways from the MIT Entrepreneurial Masters Program

*From John Spence*

*The MIT Entrepreneurial Masters Program is considered one of the most prestigious entrepreneurship courses in the world. It is held in partnership with the Entrepreneur's Organization (EO) and used to be called: The Birthing of Giants. Entrepreneurs from around the world apply for the program and only 65 are chosen each year for the three-year course. I was honored to be invited to both participate in and teach at this year's session. I took nearly 45 pages of notes and here is an outline of what I felt were the most important things we covered. I hope you find this of value.*

After all of the entrepreneurs talked about the things that they were most interested in learning about, it seemed that there was a pattern of seven major areas:

1. How to grow the business to get to the next level and make it scalable.
2. How to manage fast growth.
3. Creating a culture of disciplined execution with high levels of accountability.
4. Building a high engagement culture that attracts top talent.
5. How to deal with aggressive/new competition.
6. How to adapt/change business models.
7. How to have more focus and not be distracted by other opportunities.
  - To get the right answers – is critical that you learn to ask the proper questions.
  - People want a fit – recruit for fit. Hire for attitude – train for skills.
  - You cannot grow your business. Only your **people** can grow your business.
  - Deeply understand your key target customer and clearly communicate one focused benefit that they will enjoy by investing in your products/services.
  - Answer this question: What problem do you solve or desire do you deliver to your key target customer?
  - Your brand promise must be functional/economic/emotional.
  - Jack Welsh: "If you do not have a competitive advantage, don't compete!"
  - Understand your **predictive** KPI's (**Key Performance Indicators**) - that directly correlate to how your business will be doing *in the future* – not how it has done in the past!
  - Are your people 100% clear about what they are accountable for and the specific metrics that are tied to it?

**Visibility drives accountability – accountability drives engagement – employee engagement drives customer engagement – customer engagement drives customer loyalty – customer loyalty drives increased revenues and profits.**

- Culture is not perks.
- A culture of greatness = company of greatness.
- Core values + core purpose + envisioned future is what builds the culture.
- You need to create raving fan employees.
- Culture is built by design – not by default!
- Your core values are your soul – they are your "Hard Core Values" – and are nonnegotiable.
- When values are clear, decisions are easy!

1. You must be fanatic about your core values – no guts, no glory.
2. Get the right people on the bus.
3. Hire slow – fire fast.
4. Reward and recognize for cultural fit.
5. Tell stories to support the culture.
6. Create systems to support the culture in multiple ways.

- ✓ Creating a great culture takes lots of patience and persistence.

**To build an inspired culture, you build it around your core purpose. Purpose is the secret weapon in your business. More than making money... people want to make a difference; people want to do something that has meaning.**

- ❖ It is all about quality relationships first – with your employees and with your customers.
- ❖ Pick the customer type first – then build a business around them. Surround that customer type with a “network of value.” Give them a product of superior value that they will enjoy greatly and tell all of their friends about.
- ❖ Help your key target customer understand that they can ONLY get what they want from you – and they might not be able to get it... because it's limited.
- ❖ Create interest and urgency.
- ❖ Start with a big idea: create the package – communicate the value to your key target customer type – create a community of key target customers – then sell a “web of value” to them -- other products and services that your key customer type wants very much and would trust you to sell to them.
- ❖ Approach your business and your life with: an **attitude of gratitude**.

1. Find your industry or company bottleneck.
2. Ask “why” five times or more to get to the root cause of the bottleneck.
3. Formulate your **Essential Question** (your X-factor question): how can you get 7 - 10 times better at eliminating/changing the bottleneck?
4. Focus your reticular activating system on finding the answer to your essential question.
5. Get others to help – ask the smartest people you can find for their input, suggestions and ideas.
6. Once you understand the answer to your essential question – take massive action!!!
7. Start all over again.

## **You must be obsessive about the Essential Question.**

### **Great leaders are:**

- *Evangelical about their vision and purpose.*
- *Always on – always focused, excited, and acting like a leader.*
- *Superb at communications – mostly asking questions and listening.*
- *Make it real – they do not try to pretend to be anyone but who they are.*
- *They are humble and accountable.*
- *They understand the business deeply.*
- *They are excellent at hiring people that are smarter than they are.*

- ✓ You have to care about the people in your business...really care... care enough to listen.
- ✓ Accountability = empowerment
- ✓ The formula for business success:  $(T+C+ECF) \times DE = \text{Success}$ ... Talent + Culture + Extreme Customer Focus x Disciplined Execution = Success.
- ✓ To become world-class you need the 4P's: passion, persistence, practice and pattern recognition.
- ✓ The five factors for being a great strategic thinker are: business knowledge; experience in your market and in business; taking time to sit back and look for the patterns; seeing a pattern and getting a flash of insight; then taking massive action combined with disciplined execution on your strategic insight.
- ✓ The key to building a world-class company and career is: **KNL**. **Knowledge** – you must be extremely knowledgeable and competent at something that is highly valuable in the marketplace; **Network** – a lot of the right people need to know that about you, people who can tell hundreds or thousands of other people about how great you are; **Love** – you must be a person of honesty, integrity and love. If you are a loving, kind, high integrity person – and a lot of the right people know that about you – and they also know that you're very, very good at something that is highly valuable in the marketplace – you have everything you need to build a solid and successful career/business.
- ✓ The three key elements of excellence are: **Focus – Discipline – Action**. You must be extremely focused on your "*philosophy of excellence*" for both your life and your business. You must have the discipline to then go out and execute on that every day – not just talk about it, not put it on a poster on the wall, but actually live it in every part of your business and life. Action – the amount of action you apply directly determines the amount of results you will get.
- ✓ The quality of the people you get and keep on your team will determine the long-term success of your business. It is all about people, people, people.
- ✓ Culture = Cash!!!
- ✓ The number one factor that impacts the level of highly engaged, loyal and satisfied customers in your business – is the number of highly engaged, loyal and satisfied employees in your business.
- ✓ People do not leave a job for pay. As long as the pay is fair (10% above or below what they would make to do the same job at any other company) – they are most interested in working in a place that is fun, fair, friendly and family-oriented; where they have the freedom to do their job well; they take pride in the organization they work for; they get some sort of genuine, honest and sincere praise every 7 to 10 days; they feel that their work is meaningful; and they also feel like they get to finish what they are working on – they actually deliver real results.
- ✓ Key factors that drive a great culture are "atmosphere issues" - they do not cost any additional money.
- ✓ The three things that every person looks for any important relationship in their life are: safety, belongingness and appreciation.
- ✓ **Whoever owns the voice of the customer; owns the marketplace.**
- ✓ Be fanatic about listening to your customers – ask them in 100 different ways if they are happy, what would make them happier, what makes them unhappy about your products and services,

what would it take to get them to give you more of their business... ask lots of questions and listen, listen, listen.

- ✓ There are often times hundreds of touch-points when you interact with a customer; but there are only a few key **Moments Of Truth** (MOT) - that are “make or break” interactions between your company and your customers. It is essential that you create systems and processes to flawlessly deliver your Moments Of Truth each and every time you come into contact with the customer.
- ✓ The only person who can tell you what your moments of truth are – and what you need to do to deliver them superbly – is your customer.
- ✓ 43% to 74% of purchasing decisions are made by word-of-mouth/word-of-mouth.
- ✓ 78% of companies say that a majority of their new business comes from referrals – yet only 23% have any kind of a system or process to reliably generate strong personal referrals of key target customers to their business. There is a huge opportunity for the business that can create a referral engine – where their current great customers bring them lots and lots of more great customers.
- ✓ Only 10 to 15% of businesses effectively execute on their plans. Lack of disciplined execution is the single largest factor that holds back the success of most businesses. Put another way, companies that are superb at disciplined execution create massive advantage in the marketplace.

Since accountability and disciplined execution seemed to be such an important topic during the EMP, I have pasted in below some key highlights from my reading of the book:

## Execution by Larry Bossidy and Ram Charan

- Many companies do not develop a strong culture of execution.
- When a strategy fails, it's usually due to poor execution.
- Instill this value: ***execution is a discipline, a practice that can be mastered.***
- Make effectiveness and performance the core values of your culture.
- Your strategy must spell out how each business unit intends to achieve its goals
- Execution involves linking people, strategy and operations to achieve common goals.
- Execution is the primary job of every company leader. Don't become detached.
- Understand the underlying operational realities your company faces.
- Insist that people speak plainly and sensibly, and have realistic plans. As the leader, live and love your business.
- Make all KPIs visible: create a dashboard and use it to drive accountability and execution.
- Reward the people who get things done, but link rewards to performance goals. Be sure you reward the right behaviors.

Most companies, like most individuals, excel at making plans, but are not as talented when it comes to actually carrying them out. Thus, execution - the ability to get things done, particularly on a strategic level - has become the *sine qua non* of management science.

**These seven essential behaviors define a leader who executes well:**

1. "Know your people and your business" - Leaders don't commute to their businesses, they live them. Companies that don't execute usually have leaders who are out of touch. These leaders may have only a vague understanding of their key players, and may not fully comprehend competitive and operational realities.
2. "Insist on realism" - Many people waste time trying to soften, shade or outright distort reality. Denial is not a path to execution. As a leader, think and speak realistically, and insist that others do the same.
3. "Set clear goals and priorities" - A leader who has 10 priorities probably has none. Define a few clear priorities, so you can focus your efforts.
4. "Follow through" - Beyond having high goals and making initial efforts to achieve them, you must follow through and be persistent. Create follow-through mechanisms, such as monthly meetings, to keep projects on track.
5. "Reward the doers" - The formula is straightforward: link rewards to performance. Often there's no correlation. Use compensation to distinguish winners from losers.
6. "Expand people's capabilities" - Each interaction with a colleague is a coaching opportunity. Share your experience and perspectives.
7. "Know yourself" - When you learn about yourself - your skills, strengths, weaknesses and tendencies - you develop a quality called "emotional fortitude." This is the ability to deal well with others, work from your inner strength, weather the storms and accept input from others, even if their opinions and perspectives vary widely from yours. As a leader who teaches others to execute, you must know yourself.

## QUOTES:

"Execution is not only the biggest issue facing business today; it is something nobody has explained satisfactorily."

"Execution is a specific set of behaviors and techniques that companies need to master in order to have competitive advantage. It is a discipline of its own."

"Strategies most often fail because they aren't executed well."

"Execution has to be a part of the company's strategy and its goals. It is the missing link between aspirations and results."

"Organizations don't execute unless the right people, individually and collectively, focus on the right details at the right time."

"Synchronization is essential for excellence in execution and for energizing the corporation."

"Every great leader has had an instinct for execution."

"Leaders who execute focus on a very few clear priorities that everyone can grasp."

"Linking rewards to performance is necessary to creating an execution culture, but it's not enough by itself."

"Getting things done depends ultimately on performing a specified set of behaviors."

"Any business leader, at any company or any level, needs to master the discipline of execution. This is the way you establish credibility as a leader."

"Many people regard execution as detail work that's beneath the dignity of a business leader. That's wrong. To the contrary, it's a leader's most important job."

I hope you found that recap of value. I am sure there were many, many additional ideas that were extremely valuable – but out of my 40+ pages of notes these were the ones that really resonated with me. I welcome your feedback, additions, ideas and suggestions.

Thanks so much – John Spence

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