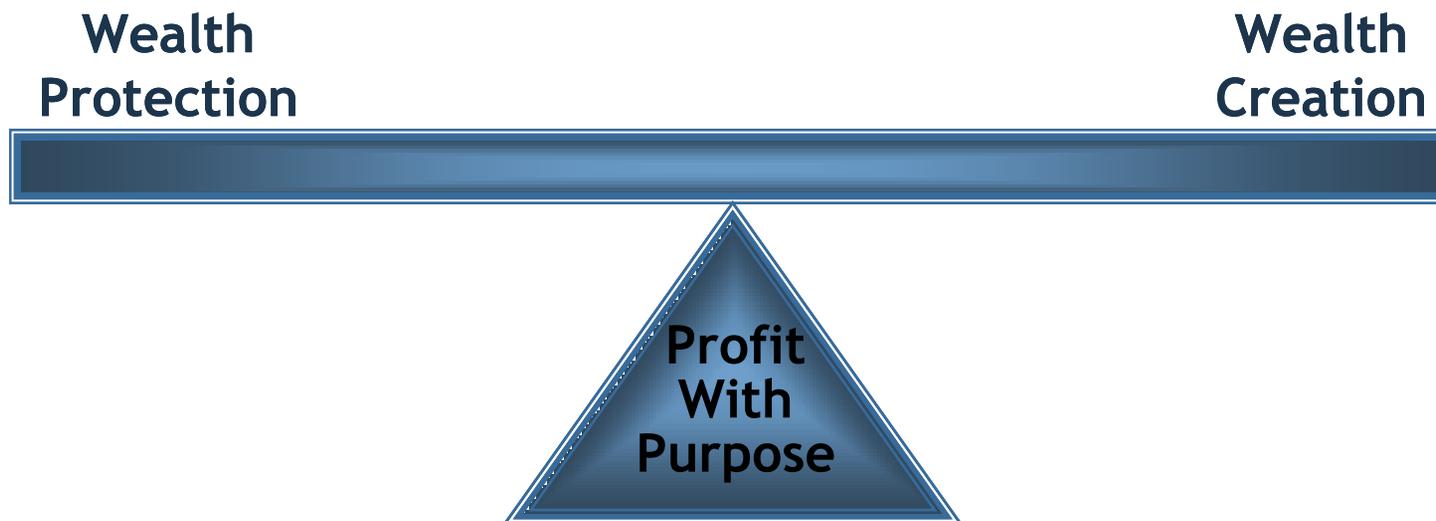

Profit with Purpose



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Why do Organizations Fail to Create a Culture of Innovation and Execution

🌀 Innovation – Adaptation to Turbulent Times

- Charles Darwin: in nature, it's not the strongest or most intelligent who survive, it's the most adaptable to change

🌀 Integrity – A Constant

🌀 Barriers to Character-Based leadership:

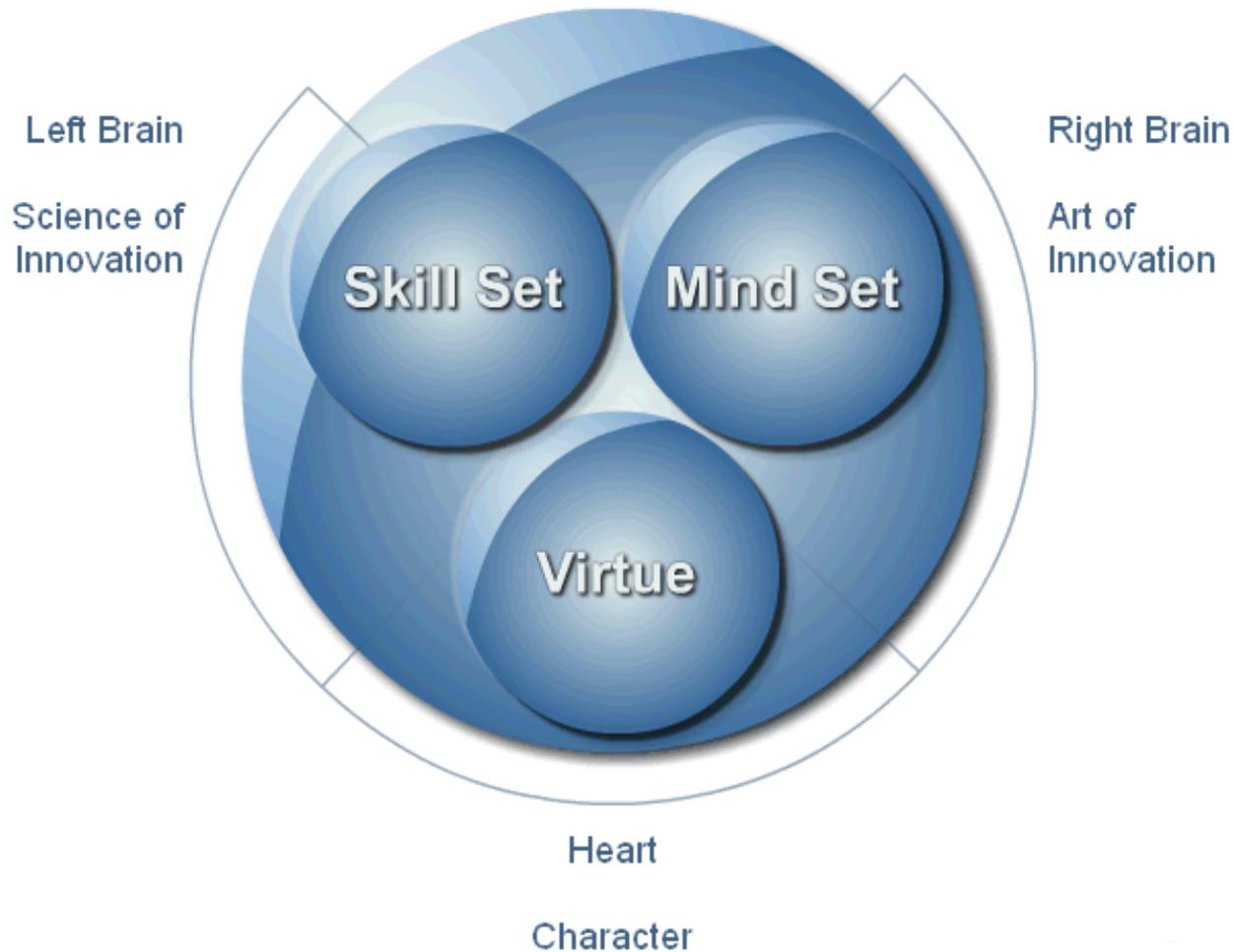
- Mental & Behavioral Habits
- Lack of reflection and action (based upon reflection)

🌀 “Never underestimate the difficulty of changing false beliefs by facts” Henry Rosovsky, Harvard Economist, *The University: An Owners Manual*

Virtues - Innovation - Execution

| | Integrity | Innovation |
|--|---|--|
| | Love Passion Friendship Compassion | Passion Passion for ideas and people Social Capital: Teams & Partners Servant Leadership & Customer Service |
| | Courage Fortitude, Heart, and Mind or Soul | Manage Risk Risk averse culture Risk Management: financial, reputational |
| | Faith Fiduciary Trust Authenticity | Intangibles Economic value or reputation Economic value of intangibles Economic value of teams, partnerships |
| | Justice Fair vs. Equal Enlightened Self-Interest | Sustainability Triple Bottom Line (People, Planet, Profit) Bottom of the Pyramid |
| | Prudence Wisdom Reasonable Disciplined | Employee Engagement Disciplined Creativity Acquiring, developing and retaining talent Mentoring (quit bosses, not companies) |
| | Temperance Moderation – Greek Middle Way Balance Tempus | Money/Meaning Life/Work Balance Time to Innovate Balanced Scorecard – stakeholders |
| | Hope Forward looking – future not yet realized Possibility Moral = root of Morale | Fail Fast Real-Win-Worth (Stage Gate “like”) Learning over Money “Best” way vs. “Our” way |

Leading Innovation: Integrity-Art-Science



Virtues – Innovation & Execution

| Integrity Why We Create | Art (Mindset) How We Create <small>(imagination, commitment, creativity)</small> | Science (Skill Set) What We Create <small>(competency, skill, knowledge)</small> |
|--|--|--|
| Compassion (Love) | Customer Focus | Create customer value |
| Courage | Lead Change | Manage Risk |
| Faith | Manage Intangibles | Create/Protect Wealth |
| Justice | CSR | Brand Reputation |
| Prudence | Talent Management | High Performance |
| Temperance | Balance | Manage Competing Interests |
| Hope | Fail Fast | Idea Generation |

Leading Innovation: Development Plan

| <u>Awareness</u> Current State | <u>Attention</u> Ideal State – Focus | <u>Action</u> Steps to close the gap |
|-----------------------------------|---|---|
|-----------------------------------|---|---|

Example: Courage - Integrity

- **Fortitude**
 - French, *coeur* (heart)
 - Latin, *cor* (mind or soul)
- **First Facet of Courage: Reflexive**
 - Visceral response, almost bypassing cognitive analysis, based upon imbued morals...e.g., Soldier dashing out to help fallen comrade...or...observer who refuses to act
- **Second Facet of Courage: Reflective**
 - Decision to respond after cognitive analysis of the risks/rewards

“...do what is right even when it is likely to cost us more than we want to pay and more than we think is fair. It occasionally requires us to stand up and be counted...to demonstrate the courage of our convictions.” Lubrizol Ethics Manual

- **Risk-Averse Culture**
 - Risk of Status Quo unrecognized
 - People are wired more for stability than change
 - Risk is culturally defined (note: sit on floor vs. chair)
- **Risk Management**
 - Identify external threats and opportunities: social, economic, political, technical, etc.
 - Identify industry threats and opportunities
 - Analyze your culture’s willingness/openness to learn and change
 - Evaluate level of acceptable risks – more than compliance?
- **Build Failure In**
 - E.g., Stage-gate, New Product Development Process
 - Performance Management that accepts/embraces Failure

Example: Courage – Innovation – Fail Fast

- **Why?**
 - Innovate or Die!
- **What?**
 - New markets, new customers, new offerings, new...
 - New value proposition
 - Execute better than anyone else
- **How?**
 - Fail Fast!
 - Idea
 - Champion
 - Feasibility
 - Plan – Prototype – Plan - Prototype
 - Pilot – Prototype – Pilot – Prototype
 - Scale

Awareness:

- Are you aware of the risk of status quo?
- Do you En-”**courage**” people to risk without fear?

Attention:

- Are you paying attention to risks associated with undifferentiated products/services?
 - Are margins shrinking?
 - Are there price wars?
 - Are product life cycles shorter?

Action

- Rate yourself on courage today:
 - Deal with failure
 - Frequent analysis of your external environment
 - Use of a new product development process
 - Model courage with your team
- What is your evidence?
- What barriers inhibit you developing courage?
- What action plan would overcome these barriers?

Example: Justice - Integrity

- *Aequus* (equal) or Fairness
 - Right (self-interest vs. interest in others)
- Sacrifice – enlightened self-interest
- Office politics & ethical problems are distractions
 - Mark Shapiro, GM, Cleveland Indians
- “Virtue never stands alone. It is bound to have neighbors.”
Confucius in *The Analects*

- **Profit**
 - Green is Green
 - Save \$ AND Make \$ by applying Triple Bottom Line
- **People**
 - Bottom of the Pyramid
 - < 1B make > 15K
 - 2B make 5K to 15 K
 - 3B make < 5K
- **Planet**
 - Cost containment: recycling, energy conservation, etc.
 - Business Development: create ‘green’ products/ services

Awareness:

- What are your sustainability threats & opportunities?

Attention:

- How can you reduce costs AND generate revenue through sustainability strategies?
- How can you open new markets serving the BOP?

Action

- Rate yourself on sustainability today:
 - Save or make money through sustainable products/ services
 - Attract, develop, retain innovative leadership committed to sustainability
 - Generate new markets serving the BOP
 - Integrate Triple Bottom Line into your strategy
- What is your evidence?
- What barriers inhibit you developing sustainability?
- What action plan would overcome these barriers?

Example: Hope - Integrity

- Hope – what is possible (vs. impossible!)
- Forward looking – a future not yet realized
- Root of morale is moral
- Low morale impedes innovation and execution of goals
- For innovation, Hope stands on the shoulders of Faith (invisible reality) and Love (passion)
- Hope – the inclination to trust the unseen as possible
- Facts as Facts, not Fiction!
 - Voice of the Customer trumps office politics
 - Business development trumps writing reports
- Bureaucracy eats strategy for lunch!
 - Best way vs. Our way
- Focus on learning vs. traditional financials
 - Cannot command or coerce human capabilities & passions
 - People decide whether they will bring imagination and commitment to work
 - Time to innovate (Google – 20%)

Awareness:

- How do your offerings solve a customer problem better than an alternative offering?

Attention:

- How does culture support or inhibit innovation?

Action

- Rate yourself on hope today:
 - Do people spend more time serving the boss than the customer?
 - Is strategy driven by reality or fantasy?
 - Does passion, faith in intangibles and talent drive innovation?
 - How is commitment to innovation demonstrated?
- What is your evidence?
- What barriers inhibit you developing prudence?
- What action plan would overcome these barriers?

Virtue/Value Development Plan

1. Reflect on strengths & weaknesses and seek feedback to improve performance
2. Identify professional and community experiences that will address strengths, needs and career potential
3. Approach leadership development similar to strategic decisions; identify the “best bets,” invest aggressively and manage risk
4. Develop continuing education plan
5. Demonstrate a consistent work ethic by preparing well for meetings and projects
6. Develop authentic professional relationships built on mutual trust and support with mentors, peers and colleagues

RSK, LLC Partners



Alan Kolp

Alan is holder of the Moll Chair in Faith & Life and Professor of Religion at Baldwin-Wallace College. He earned degrees from

Guilford College, Harvard Divinity School and a Ph.D. from Harvard University. Alan is co-author with Peter Rea of the 2006 book, *Integrity is a Growth Market: Character-Based Leadership*. In addition, he has numerous publications in contemporary spirituality, including two popular books, *Fresh Winds of the Spirit* and *Canopy of Light & Love*. Before coming to Baldwin-Wallace College in 2000, Alan taught at Earlham College and Earlham School of Religion in Richmond, IN. For six years he was Dean of Earlham School of Religion.

He spent a year in Germany on a Fulbright and has taught in England. In 2007 he was a visiting scholar at the Graduate Theological Union, University of California at Berkeley and at Kellogg College, Oxford University. He is in demand as a speaker, retreat leader and, along with Peter Rea, a consultant for businesses, non-profit organizations and a variety of faith communities.

During 2007 Alan and Peter lead seminars in China, Lithuania, Brazil, England, as well as in the USA



Peter Rea

Peter Rea is the Burton D. Morgan Chair for Entrepreneurial Studies at Baldwin-Wallace College. He provided leadership to create, launch and operate the College's

and Growth Center, built on corporate partnerships that promote

economic development and provide BW students with practical experience in creating economic value driven by innovation and guided by integrity. Peter has provided leadership in creating corporate partnership programs to further strengthen the relationship between Baldwin-Wallace and the corporate community involving profit and nonprofit organizations. Peter has also provided leadership to establish international partnerships with corporations and universities in countries such as Brazil, England, Germany, Japan and China. These partnerships have resulted in exchanges such as Baldwin-Wallace offerings its MBA program in Brazil.

From 1994 until 2006, he was chairman of the Business Administration Division at Baldwin-Wallace College. His primary teaching and consulting areas include strategic planning, marketing strategy and business ethics.

He holds a Ph.D. from the University of Akron, a Masters of Arts from Bowling Green State University and a Bachelor of Science from Ohio University where he graduated summa cum laude. He has completed postdoctoral studies in international marketing and business, and marketing strategy at the University of South Carolina, Memphis University, Carnegie Mellon University and Duke University.

He co-authored *Integrity is a Growth Market* and *Leading with Integrity* with Alan Kolp. He co-authored *Strategic Planning: A Practical Guide* with Dr. Harold Kerzner.



Deb Mills-Scofield

Deb Mills-Scofield helps organizations create and implement actionable, measurable strategies and cultures fostering sustainable profit growth

through innovation. She is a Partner at Glengary LLC, an early-stage Venture Capital firm in Cleveland, Ohio. Deb has over 20 years of experience with various service, manufacturing, and high-tech companies from multinationals to early-stage throughout North America, Europe and Asia.

Starting at AT&T Bell Labs, Deb holds a patent for an integrated multimedia messaging service. She was instrumental in creating AT&T's entrée into the Internet, spearheading AT&T Internet and E-commerce offerings through a "Carve-Out Startup" within AT&T.

Deb is involved in several activities mentoring entrepreneurs and has taught in the University of Pittsburgh's Katz School of Business *Institute for Entrepreneurial Excellence* Fellows Program.

Deb is a BW -Center for Innovation and Growth Leadership Fellow, involved in many programs on leading and implementing innovation.

As part of her consulting practice, Deb asks her clients to match and donate 10% of her fee to improve lives and to mentor entrepreneurs. Deb graduated of Brown University, completing her degree in three years, while helping create the [Cognitive Science](#) concentration at Brown, one of the first undergraduate programs of its kind in the country at that time.