

the  
**PROUTY  
PROJECT**

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**"C" NOTE QUOTE:**  
"This is why I emphasize relentless implementation. Get everybody at the table. Everyone must participate, know what the plan is, and know the current status against the plan, the areas that need special attention. It comes down to using everyone's talents – and I mean everyone."

● **If you know who said this quote**, please send an e-mail to [kari.baltzer@proutyproject.com](mailto:kari.baltzer@proutyproject.com) or call 952.942.2922 by **Friday, January 28** – one guess per individual. If we have more than one correct answer, we throw those names into a hat and draw the winner of a \$100 gift card.

**And last issue's winner is... Eric Fiedler, Uponor, Minneapolis, MN.**

**Eric knew that Diane Ackerman, the American poet, said the following:** "I don't want to get to the end of my life and find that I lived just the length of it. I want to have lived the width of it as well."

**Congratulations Eric!** Eric says, "With the cold winter months coming, I plan to donate the gift card to the local *Coats for Kids* program."

## Six Pages, Sixty Minutes

As you start out the new year, we hope you'll take sixty minutes to stop, reflect, refresh, and refocus. We hope this newsletter helps. I want to offer a few early year "shout outs" to:

**Denney Nguyen** – Denney has been interning with us for the past year, and has been a stellar addition to our team. *Thank you, Denney, for all the good work you have been doing.*

**Grayce Belvedere Young and Mike Felmler** – Grayce will serve as Chair of the Board of Directors for MAP for Non-Profits this year. Mike will serve as Vice-Chair for Big Brother Big Sister of the Twin Cities. *Have great years in your leadership roles.*

**Jim Ankeny and Jodi Nelson** – Jim, Blue Earth Pictures, and Jodi, Play it Forward Adventures, created our STRETCH 2010 video, which went on to win a first-place "Shoot It – Share It" award from Panasonic. *Great work Jim and Jodi.*

And, please join us **January 27, 6-8 pm** at our informational kick-off meeting to hear more about our 2011 STRETCH Expedition this summer. We will Skype with **Erik Weihenmayer** (the first blind man to summit Mt. Everest) to learn about the **Adventure Team Challenge in Colorado June 24-29.**

If you'd like to join us, please RSVP to [melissa.gennert@proutyproject.com](mailto:melissa.gennert@proutyproject.com).

Have a fantastic 1st quarter. We look forward to seeing you soon.

[jeff.prouty@proutyproject.com](mailto:jeff.prouty@proutyproject.com)



## ● BOARD DEVELOPMENT

# Governance: Board Engagement (Part 1 of a 4-Part Series)



Article by  
Mike Felmler

[mike.felmler@proutyproject.com](mailto:mike.felmler@proutyproject.com)

In our last newsletter we stated our belief that today we are smack dab in the middle of a board revolution. We even went so far as to compare the scope and magnitude of it to the fictional account of the French Revolution portrayed by Victor Hugo in *Les Miserables*.

To help boards STRETCH their thinking about how they will govern differently in an increasingly unstable future, we have created a 4-part series on Board Development. The elements include:

### 1) Board engagement:

Are we spending our time on the right things?

### 2) Board assessment:

Are we performing these things well?

### 3) Individual board member assessment:

Are we meeting the needs of the organization and performing up to the best of our abilities?

### 4) Case Study:

A journey towards high performance.

A recent article by Ram Charan and Geoff Colvin entitled, *Directors: A Harsh New Reality* featured in an October issue of *Fortune* underscores the need for boards to broaden their previous roles and become more action-oriented. Of utmost concern is whether they are spending enough high-quality time on the most important issues. In fact, they estimated that most boards today spend only one-fourth of their time on the most crucial matters. In the aftermath of the financial crisis we find ourselves in today, this defies logic.

Over the past 18 months, we have found ourselves using a *Harvard Business Review* (HBR) article entitled, *Building Better Boards* by David Nadler to help our clients answer questions related to the appropriate levels of board engagement. Nadler asserts that the real challenge for directors isn't regulatory compliance – it's high performance.

He also affirms what we all know, that boards should be:

***“...seats of challenge and inquiry that add value without meddling and make CEOs more effective but not all-powerful.”***

One point that emerged from all his research was the importance of regular self-assessment when building a strong board. We've found that to do this effectively, boards first have to agree on where they should be spending their time.

To enable our clients to better understand which tasks are most important, we utilize Nadler's framework where both directors and management rate the existing and optimal levels of board engagement on a scale of one to five for various strategic business activities. A rating of one represents areas that are chiefly management responsibilities, and a rating of five represents areas that are exclusively the board's responsibility.

Nadler identifies 32 different strategic business activities classified into the following nine categories:

- 1) Strategy
- 2) Strategic transactions
- 3) Operations
- 4) Human resources and organization
- 5) Financial management

- 6) Risk management
- 7) External relations
- 8) CEO effectiveness
- 9) Corporate governance

We have also supplemented Nadler's analysis with a “best practices” element associated with the top strategic priorities of effective boards derived from our own experiences.

We've been amazed at how this exercise surfaces gaps between where the board needs to be focused and where it's actually spending its time and resources. Equally important are the learnings that occur between board members, and between the board and management.

Here's what we've discovered:

- 1) Board members want to be more engaged.
- 2) Board members have a wide range of perspectives on what they consider important.
- 3) Board members want more time to dialogue and debate the really important issues.
- 4) Management wants more engagement from their boards.
- 5) Management appreciates their role in educating board members.
- 6) Annual board calendars are changing as a by-product of these discussions.
- 7) Boards are experimenting with different ways to handle less important issues outside of regular board meetings.

The results of these discussions provide the foundation for developing a formal board assessment tool that we will talk more about in our April newsletter.

Please call us at 952.942.2922 or email me at [mike.felmler@proutyproject.com](mailto:mike.felmler@proutyproject.com) if you are interested in learning more about this topic and our web-based survey for boards.

Have a great 2011!!



Article by Grayce Belvedere Young  
and Peter Bailey



## ● ORGANIZATION DEVELOPMENT

# Reflections and Ideas to Develop Leaders in Your Organization

### Strategic Imperative

For many of us, the new year encourages us to reflect on the past and plan for the future. Looking back to 2010, we'd like to showcase several of our clients' leader development efforts and plant some ideas for developing your leaders in 2011 and beyond. We regularly hear CEOs say that their people are their greatest asset and developing leaders is a strategic imperative for many businesses, given what they are seeking to accomplish, particularly in the "new abnormal" environment.

**Mark Mishek, President & CEO of Hazelden**, is very clear that developing leaders is no longer a "good thing" to do to engage and empower leaders; it's an "imperative" for the success of their organization. "To meet the needs of our patients and our community, Hazelden has built an ambitious strategic plan. And in order to accomplish our plan, we absolutely need strong leaders. Our senior leadership team is intentionally focusing on leader development to ensure we have top notch leaders carrying the torch for our organization."

Hazelden's plan started with the executive team gaining alignment on their philosophy and approach for developing talent throughout the organization. The rich discussions among the team were thought-provoking and allowed for personal and organizational illumination of values. They are outlining a comprehensive 5-year plan for developing talent. And the executive team is leading the way by deepening their own leadership capabilities through a series of leader development retreats. At the first retreat the team engaged in discussions and activities to explore what legacy they are seeking to build for themselves as leaders and for Hazelden.

### Leading Self

In our consultations with **Lifetouch, Inc.** we heard themes on helping individuals better understand themselves in order to lead their team members and advance their business. As a result, we partnered with Lifetouch to create an intensive leader development experience, **Leading Self, Leading Others, and Leading the Business**, and we'd like to share a number of highlights with you.

"As leaders, we tend to spend all of our energy on developing others or focused on growing the business, and we rarely take time to develop ourselves. The first session, Leading Self opened the eyes of the participants to the benefit of self-reflection and learning the power of raising your emotional intelligence. Each day, I witnessed powerful conversations, honest revelations, and incredible courage among the participants as they challenged themselves to be better leaders and stretch beyond their comfort zone. WOW - what a week!"

**Jan Haeg, Director, Field Sales Talent of Lifetouch**

One classic leader development model that we deployed is the Emotional Intelligence (EQ) work by Daniel Goleman. The heart of the model is self-awareness and this means, knowing how your emotions impact others, knowing your strengths and weaknesses, and having balanced self-confidence. Through video clips, pair discussions, internal reflection, and peer assessment, we asked leaders to raise their level of self-awareness and self-management to better understand the impact they have on others.

In the video *The Art of Possibilities*, Ben Zander, former conductor of the Boston Philharmonic, offers a powerful quote. "I have to ask myself – who am I being if the eyes of my orchestra players are not shining?" We asked the same question of the Lifetouch leaders, how do you look inside of yourself to know who you are as a leader?

"Although I learned many valuable opportunities for improvement; learning my strengths was most significant as it provided a chance for me to really know how I can best lead myself first before leading my team. By honing in on my strengths, I affirmed the power of my inner voice, which enabled me to not just listen to it, but to act on it. It was a reminder for me to tune into my words and actions to ensure I was positively impacting those around me."

**Eric Trerotola, Territory Manager, California**

### Leading Others

The second half of the Emotional Intelligence Model is how you interact with the people and the world around you – social awareness and relationship management. One key component of social awareness is empathy – the ability to put yourself in other people's shoes and to understand their needs, concerns, and perspective. Understanding your colleagues better helps you to partner with them in a more meaningful way.

To highlight the importance of empathy, we created a unique experience with the executive team of **Nash Finch** and in partnership with **Neighborhood House**. The Nash Finch executive team provided mock interviews for students who are part of the Neighborhood House's English Learner program. **Armando Camacho, the President**, introduced himself and Neighborhood House by speaking in Spanish. No one else in the room spoke or understood much Spanish. He then asked us to introduce ourselves in Spanish, "Me llamo Grayce" and where we live "Yo vivo Minneapolis." It was an immediate reminder of how uncomfortable the interviewees were going to be interviewing with executives for a job in a language that they are still learning.

In addition to leveraging the EQ Model for leading others, we have utilized a team effectiveness model from OD guru, James Shonk. Shonk's model sets the context for the importance of a shared purpose or vision for the

team – to align and unite team members in a common direction to drive an organization forward. **Tom McKinney, Executive Director of Make-A-Wish Minnesota**, commented, “A shared vision has aligned our team to better serve our wish families, donors, and volunteers, and has created greater camaraderie among the team.”

For Make-A-Wish, the experience of several structured retreats, including readings, activities, reflections, and sub-team work between, has enhanced the interactions among team members and the power of the work they accomplish as a team. They have learned more about each other, themselves as leaders, working together effectively, and providing greater service individually and collectively all for the benefit of their wish families.

### Leading the Business

“For the benefit of one’s customers” was management guru Peter Drucker’s mantra. He was quite adamant that businesses exist to serve customers. This provides a perfect opportunity to explore and define your value proposition and the customer experience you seek to create by taking an honest look at your business from your customers’ perspective.

For Lifetouch, leading the business involved an examination of what a differentiating customer experience can be. We engaged in a “retail store field trip” to evaluate the experience using all the senses, interactions with sales people, and observations of other customers’ experiences. The participants recorded their first impressions, the look of the establishment, the sounds, the aroma (or other, less pleasant, descriptors), the interactions (or not) with the sales people, and their ideas for improvement for that particular store. Using a non-industry example first, encourages people to be more thoughtful and creative about how to improve their own environment.

“It is impossible to claim to care about the world inside one’s company and ignore the world outside one’s window. The experience hosted at Neighborhood House allows our senior management team to come face to face with the realities of life, the challenges faced by many, and the overwhelming needs that simply cannot be ignored by corporate America. We are learning that some of the simplest acts of kindness, that of listening to someone’s problems or conducting a role play interview session to help individuals become more comfortable with the job interview process, are not major commitments of time and resources. To the contrary, they are simple gestures that make a difference in the world of challenges being faced courageously by those who are striving to succeed against the struggles of everyday life. Our team fully agrees that as we complete each team development and community outreach event, having gained more than we gave and being more changed than we have changed others.”

**Alec Covington, CEO of Nash Finch**

“This exercise profoundly opened my eyes to the experience we offer our customers. I had allowed my senses to become dull to my daily work environment, and wasn’t paying attention to the little details that, when compounded, can make a strong impression on someone seeing our studio for the first time. After returning from this experience, I entered each studio as if I was entering for the first time, and I allowed my senses to speak to me. We made several changes to our lobbies to improve first impressions. Portraits were updated, signs taped to the wall were placed in frames, dated magazines were discarded, soft music was pumped in the lobbies, and flat screens with portrait slide shows were hung. The improvement is definitely making a positive impact for our customers (and our team members).”

**Chad Thomas, Lifetouch Division Sales Manager, Texas**

Redefining your customer experience may also involve some “blue ocean” and “innovative intersections” thinking to solve business challenges. We encouraged participants to activate innovative and creative concepts drawn from several works, including W. Chan Kim and Renee Mauborgne, [Blue Ocean Strategy](#), Daniel Pink, [A Whole New Mind](#), or Frans Johansson, [The Medici Effect](#). Participants applied learnings directly to their work environments.

“Applying Blue Ocean strategies and techniques to our business called for thinking outside of our current environment and creative thinking to sell and provide services to new market areas. One very straightforward approach we used was to take an existing product and presented it to customers in a way that they had not seen before. It was refreshing for the customer and for us. Another approach where we applied more blue ocean concepts was to make an innovative and unique picture solution that our competition doesn’t offer, which set us apart during our fall picture season.”

**Tim Mathias, LifetouchTerritory Manager, South Carolina**

### Invitation to a Leader Development Seminar

We have shared a few examples of clients’ leader development experiences to plant seeds for your own business and the development of your leaders.

If you are interested in experiencing several modules of ***Leading Self, Leading Others, and Leading the Business***, we invite you to join us.

We are hosting three seminars at our Prouty offices, 9:00 am - 3:00 pm, lunch included. Space is limited to 12 participants.

**February 25 • March 25 • May 6**

Please contact Grayce or Peter for additional information.

## ● STRATEGIC PLANNING

### World Business Forum

This past fall, I had the privilege of attending the HSM World Business Forum in New York City. The World Business Forum is a 2-day event that brings together executives with world thought leaders from business, government, and academic institutions. Reflecting on this event, I would like to share a few key messages and learnings:



**Jim Collins, author of Good to Great** opened the conference by highlighting how to sustain great results.

- He encourages leaders to double the “number of questions to statements ratio.” We learn more and push ourselves to greatness when we ask more questions.
- **Great leaders find “white space” every week to reflect and think.** He emphasized hard, disciplined thinking in order to push yourself forward.
- He encourages leaders to get inside their own personal hedgehog and set their own BHAG (big, hairy, audacious goal) 15 years in the future. As participants were mentally calculating their age 15 years out, he reminded us that Peter Drucker wrote two-thirds of his books after the age of 65. His point really hit home when he said that we need to continually ask ourselves “how can I be even more useful?” He concluded by stating that leaders have to perform in an “unforgiving world (and that) requires utmost clarity.”

**A.G. Lafley, former CEO of Procter & Gamble**, focused on customer centric growth and reminded us of the importance of digging deep into understanding customers’ habits and behaviors. **He shared how P&G gets their customers involved in co-designing a product or service.** While he emphasized deep customer knowledge, he also reminded leaders to watch other industries to make sure that your offerings don’t become irrelevant. He gave an example of keeping tabs on what is going on in the washing machine business as that significantly impacts P&G products. He also reiterated that, while innovation must meet a customer need, you must do so with creativity, such as putting unlike things together in a disciplined process, to create a truly market differentiated product.

The **CEO of Hasbro, Brian Goldner**, shared how Hasbro has evolved as a business, by telling the

Hasbro story of their strategic blueprint – they **re-imagined, re-invented, and re-ignited** their organization. In 2000, they realized that their business was in trouble due to market pressures, competition, and consumer behavior. As a result, they put the consumers in charge and drew on their insights to create “immersive brand experiences.” He commented that today’s kids “bend” time and they pack 11 hours of activity into 7 hours due to their multitasking (no comment on whether this is healthy or not, just stating facts). As a result, the Hasbro products are full branded experiences, with board games, digital games, online experience, T.V., motion pictures, and figurines on the same toy. Think Transformers or Monopoly – very different from our experiences with games and toys as kids. The conclusion they have drawn is that they need to have more brands, platforms, and markets to be a successful business in the future.

**Nando Parrado** was one of the survivors of the Uruguayan plane crash in the Andes Mountains in 1972. His book, Alive: The Story of the Andes Survivors, was later made into a movie. Nando opened his story by asking, “how will you react in such a situation?” No one knows until you are living the experience. He shared the horrors of the crash and the avalanche, of losing his mom and sister on the flight, the desperate struggle of the survivors for over two months at 14,000 feet, and his trek down the mountain for help with another survivor. **His story highlights the strength of the human spirit and from that experience he “planned the book of his life.”** He chose to live life by building a plan for what is important and what the defining moments are in his life. His final words of advice, “Embrace your life and tell your friends and family that you love them.” Simple, yet very powerful advice.

#### SOME OF THE 2010 HSM SPEAKERS:

<b>Carlos Brito</b>	CEO of Anheuser-Busch InBev
<b>James Cameron</b>	director of the movie AVATAR
<b>Jim Collins</b>	author of <u>Good to Great</u>
<b>Al Gore</b>	former Vice President of the U.S.
<b>A. G. Lafley</b>	former CEO of Procter & Gamble
<b>Charlene Li</b>	author of <u>Groundswell</u> on social media
<b>Martin Lindstrom</b>	author of <u>Buyology</u> on consumer behavior
<b>Renee Mauborgne</b>	author of <u>Blue Ocean Strategy</u>
<b>Bill McDermott</b>	co-CEO of SAP
<b>Nando Parrado</b>	author of <u>Alive: Story of the Andes Survivors</u>
<b>Jack Welch</b>	former CEO of General Electric

# Jammin' 2011

These **Jammin' Sessions** are held the first Tuesday of each month, from 7:30 – 9:00 am in our *Creative Think Tank* or *Strategic Leadership Lab*. Seating is limited, so we ask that you register online at [www.proutyproject.com](http://www.proutyproject.com) and click 'Prouty Events' or email [kari.baltzer@proutyproject.com](mailto:kari.baltzer@proutyproject.com).

A \$20 donation will be accepted at the door benefiting the Prouty Project's **STRETCH Fund** of the Minneapolis Foundation. Please bring cash or check payable to the Prouty Project Stretch Fund.

*We look forward to seeing you in the New Year!*

We are excited to present our **2011 Jammin' Session** schedule. These are high-energy, interactive, and engaging sessions designed to stretch your thinking about business and leadership strategy.

#155	January 4	<b>Esperanza Guerrero</b> , President, Guerrero-Anderson, Inc. <i>"The Hidden Power of Adversity"</i>
#156	February 1	<b>Jack Uldrich</b> , Author, <i>The Exponential Executive</i> ; and <b>Jeff Appelquist</b> , Founder & President, Blue Knight Seminars <i>"MOMENTS OF TRUTH: Critical Decisions and Leadership Lessons From History"</i>
#157	March 1	<b>Sven Wehrwein</b> , outside director and board member of eight Twin Cities based companies <i>"The World of the Independent Director"</i>
#158	April 5	<b>Chad Weinstein</b> , President, Ethical Leaders in Action, LLC <i>"Ethical Leadership: Timeless Tools for Contemporary Excellence"</i>
#159	May 3	<b>Jodi Davis</b> , Founder, JD Coaching & Consulting; and author <i>"The Promise of Potential"</i>
#160	June 7	<b>John Busacker</b> , President, The Inventure Group; and Founder, <i>Life-Worth, LLC</i> <i>"FULLY ENGAGED: How to DO Less and BE More"</i>
#161	July 5	<b>Jack Tesmer</b> , President, Jack Tesmer Institute (DBA PerfectBIZMatch) <i>"Reading the Tea Leaves in the Marketplace – Predicting Sustainability"</i>
#162	August 2	<b>Scott Edinger</b> , Executive Vice President, Zenger Folkman; and author <i>"How Extraordinary Leaders Double Profits"</i>
#163	September 6	<b>Chris Wright</b> , President, Minnesota Timberwolves <i>"A Look Behind the Curtain of Professional Sports"</i>
#164	October 4	<b>Julie Delene</b> , Founder and Principal, Move As One; coach, facilitator, and consultant <i>"Embodied Leadership: Lessons Learned from Ballroom Dance"</i>
#165	November 1	<b>Colonel Len Kloeber</b> , business consultant; and author <i>"Victory Principles: Leadership Lessons from D-Day"</i>
#166	December 6	<b>Rick Kupchella</b> , Founding Partner and President, I.E. Network <i>"Advancing a Higher Public Good: Inform and Engage"</i>

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**THANKS!**