



Bullets from Buffett

by **Mike Felmlee**
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As
Berkshire
Hathaway
shareholders,

we've always enjoyed going to the annual shareholders meeting in Omaha. Attended by 40,000 folks, the meeting is much like a rock concert for business people.

To listen to Warren Buffett and Charlie Munger for six hours is like watching a Smothers Brothers Comedy Hour. As brilliant businessmen talking in simple, straightforward language, their candor, humor, and humility are refreshing. In addition to what we learned at the shareholders meeting, we also took the time to scrub down this year's Annual Report. We hope you enjoy this summary of standout points — a Buffett buffet, of sorts.

From the Annual Report

Acquisitions: "Berkshire now owns 9.5 companies that would be listed on the FORTUNE 500 if they were independent (Heinz is the 0.5). That leaves 490.5 fish in the sea. Our lines are out."

Chaos: "No advisor, economist, or TV commentator—and definitely not Charlie nor I—can tell you when chaos will occur. Market forecasters will fill your ear, but will never fill your wallet."

Preparation: "Though practically all days are relatively uneventful, tomorrow is always uncertain. I felt no special apprehension on December 6, 1941, or September 10, 2001. And if you can't predict what tomorrow will bring, you must be prepared for whatever it does."

Ten Years at the Helm: "Berkshire will operate best if its CEOs average well over ten years at the helm. And they are not likely to retire at 65 either."

Wonderful Businesses: "Forget what you know about buying fair businesses at wonderful prices; instead, buy wonderful businesses at fair prices."

From the Shareholders Meeting

China: "China has unlocked their potential in an amazing way over the past 50 years."

Investing: "It's an easy game, if you can control your emotions."

Philanthropy: "Develop your own giving philosophy. There's no Forbes 400 in the graveyard."

Productivity: "I spend \$1.5 million a year on the plane and \$100 a year on the Internet. I'd give up the plane first."

Reputation: "If you lose money, I'll understand. If you lose reputation, I'll be ruthless."

Right Sizing Companies: "Any company that has an economist has one too many employees."

We have taken a number of clients to the annual meetings, so please let us know if you would like to join us next year. On April 30, 2016, we'll be making the pilgrimage to Omaha again.

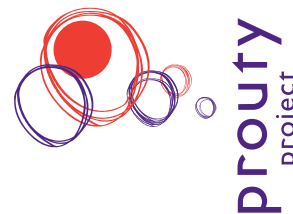
If you have the time to read this year's Annual Report, we highly encourage it. Buffett and Munger took the time to reflect on the past 50 years, and share their thoughts on the next 50—the power of the Janus Effect (the Roman God of Two Faces): those who look back are best able to look forward.



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Join us on the
Think Tank II

After the Plan

As you walk into our round boardroom, the Creative Think Tank, you'll see a big sign on the wall that says "Most organizations don't fail for lack of vision or talent. They fail for lack of execution."



Jeff Prouty

I just finished reading the 2014 Berkshire Hathaway Annual Report, where Warren Buffett refers to the ABC's of business decay:

- Arrogance
- Bureaucracy
- Complacency

How is your company exhibiting arrogance?
How is your company exhibiting bureaucracy?

How is your company exhibiting complacency?

And, most importantly, what is the impact of each on executing your strategic plan?

In this issue, we set out to tackle some of the challenges and opportunities that arise after creating the strategic plan. When the dust has settled, and the strategic planning process is finished, what happens next?

All of us at Team Prouty hope you have a wonderful 4th of July and come back to work – focused, excited, and ready to create a spectacular 3rd quarter.

Keep putting the stretch in your strategy, and the excitement in your execution.

See you real soon,

Jeff Prouty
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"C" NOTE QUOTE:

"Figure out what's most important to you – which could mean creating something, accomplishing something, or being a part of something. There's this great quote about whether, at the end of your life, you're going to be happy you had a really clean house, or that you wrote a novel. It's so easy to get sidetracked from our long-term commitments."

Know the quote?

If you know who said this quote, please send an email to: melissa.gennert@proutyproject.com or call 952.942.2922 by **Monday, August 3**; one guess per person. If we have more than one correct answer, we throw those names into a hat and draw the winner of a \$100 gift card.

Last issue's "C" Note Quote winner is...

Meg Turner of Chamberlain Law Firm

Meg knew that Lorne Michaels of Saturday Night Live said the following: "There's a mantra that I have, which is fatigue is your friend. There's a point at which, in anything artistic, the critical faculty can overwhelm the creative faculty. When you're tired, you just write it, and all sorts of different kinds of work comes out."

Congratulations, Meg!

Meg plans to use the gift card to buy something "very French" during her visit to Paris this October. Amuse-toi bien, Meg!

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or email stretch@proutyproject.com

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From Plan to Prevail

How one company is “10 X-ing” business

by **Jeff Prouty**
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We recently caught up with John Berlin, President of Carlisle Interconnect Technologies, an \$800 million division of Carlisle Companies. We've had the opportunity to work with John and his team over the past five years, and we are very excited to see them “10 X” their business, from \$100 million to nearly \$1 billion, in that timeframe.

We've been doing some work with John using the “Play to Win” methodology, based on a book by Roger Martin (Rotman School of Management, Toronto) and A.G. Lafley (CEO of Procter & Gamble). Playing to Win encourages leaders to consider five key questions about their businesses:

1. What is your winning aspiration?
2. Where will you play?
3. How will you win?
4. What capabilities do you need to win?
5. What management systems do you need to win?

I hope you'll enjoy these highlights from my conversation with John.

PROUTY: John, you've done some exciting work with us around “Play to Win” and you've had the opportunity to meet and work with Roger Martin, himself. What wisdom can you share with our other clients?

BERLIN: I'd suggest you start on question 2, “Where will you play?” Then, move onto question 3, “How will you win?” After you have your arms around those questions, then tighten down your winning aspiration (question 1). I'd also encourage all your clients to get the data. Many assumptions are just not true, and you need data to dispel some of the myths.

PROUTY: In your last round of Play to Win work, are there some topics that you found particularly compelling?

BERLIN: We really grappled with “the one thing that keeps us up at night”? Ultimately, we recognized that our best factories have the best management teams. Now we need to create a talent strategy that supports our Play to Win strategy.

PROUTY: What is your early thinking regarding cascading the Play to Win game plan throughout the organization?

BERLIN: First step, we'll get the top 50 leaders in the company ingrained in the concepts. Deep, detailed, concise. I want our top 50 playing to win every day. Next step, we'll hold town hall meetings around the country. We'll make them small and intimate, with 25-30 people, so I can have discussions with the employees about our game plan and answer questions like: “Why are we doing what we do?”

I want to make sure the message connects with all our employees. I believe everyone wants to win, and this game plan will require us to get out of segments/businesses where we can't win.

PROUTY: I know you've got an upcoming presentation to the Carlisle Board of Directors. What do you intend to share with them?

BERLIN: I have 60 minutes to share our game plan. I'll focus on the next three years in particular, and how we intend to grow from \$800 million in revenue to \$1 billion plus. I really believe we make the amazing happen and we will be a \$1 billion division by December 31, 2018.

The Play to Win process has forced us to think about our true capabilities. What really makes us better than the competition?

PROUTY: You have some customers who buy from both you and your competitors. Any thoughts on getting meaningful customer feedback?

BERLIN: Ask them:

1. Where are we better?
2. Where are they, our competitors, better?
3. Any ideas on how we can take even more cost out of the equation?
4. What do we need to do to become the preferred supplier?

Strategy is about choices, and I believe customers will give you tremendous input to help you make critical choices.

PROUTY: As you go around the world, what is the story you are sharing with employees and customers and prospective customers?

BERLIN: We start with the overarching premise that “Carlisle Interconnect Technologies makes critical connections when performance matters.” For instance, we make many parts on a Boeing jet. Performance matters, every day, every flight.



John Berlin



I like to put all my presentations on four slides: Ask, then listen, then act. And I know that my leadership is key to our culture: what I do and what I say every day has a ripple effect.

PROUTY: As a closing question, can you share the Carlisle Interconnect Technologies winning aspiration with our readers?

BERLIN: Absolutely:
• Make the amazing possible by making critical connections when performance matters.



by **Sam Smith**
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Tackle the ABCs of Business Decay

Any great leadership team recognizes that while strategy may begin at the top, it cannot live without moving it throughout all levels of the organization. Without a fully engaged workforce taking meaningful action, even the best strategies will falter at best.

As you consider how to use your strategic plan to better engage the rest of the organization, start by confronting the ABCs of business decay, as identified by Warren Buffett.

Arrogance

Overcome the temptation to speak to employees about the strategic plan, and focus instead on speaking with them. Get input on the plan from people throughout the organization. With collaboration at the forefront, you'll not only gain valuable perspectives from strategic thinkers that can help to improve the plan, you'll also garner authentic alignment from your colleagues. Test ideas that emerge, and then choose to implement the best refinements. Everyone will become more engaged when their viewpoints are heard and valued, even if their individual ideas aren't ultimately implemented.

Bureaucracy

We all want our organizations to run more smoothly, efficiently, and effectively, yet in striving to do so, we often put policies and procedures in place that limit creativity and productivity. Some processes are necessary to drive alignment in the organization. Others

- Be first choice for design, development, and manufacturer of assemblies and components for power and data interconnect applications.
- Provide meaningful and impactful solutions to our customers' current and future needs through reduction of their total costs or contributions to their winning.
- Achieve top two position in areas where we choose to play.

PROUTY: John, it was great catching up, and we look forward to seeing you in our Creative Think Tank soon. Keep the Playing to Win momentum.

can be counterproductive. Separate the wheat from the chaff by ruthlessly identifying the value created by the process rather than indulging in the comfort of what has always been done. The leaders we work with typically find that when they get out of the way, extend trust, and make themselves available as a resource and obstacle mover (rather than creator), their people thrive and get results.

Complacency

You may have designed the most beautifully promising strategy, but if you put it in the hands of people who don't care, it goes nowhere. Forcing people to care can be like trying to pin Jell-O to the wall, but you can create an environment in which they can find their own motivation by aligning tactics and daily tasks with their strengths. As your strategy is communicated throughout the organization, how well are leaders equipped to coach their teams to finding their own connection to the strategy? Helping to connect these dots will fuel their passion for bringing the vision into reality.

When you consider all the work and resources that go into creating a strategic plan and mindfully fine tuning it on a quarterly basis, having every individual in the organization taking informed and inspired action is essential to success. If we can help you to tackle Buffett's ABCs of business decay, drop us a line. We love helping teams to live their vision.



by **Peter Bailey**
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To Convey the Plan, Speak Colorfully

Once upon a time, a senior leadership team went on a retreat to create their organization's strategic plan. As the dust settled, and their compelling one-page plan stood proudly on a flipchart, the smile of exhausted contentment on the faces of the leadership team slowly faded. Now came the really hard part: figuring out how to go back to their organization and tell everyone about the plan. Three questions concerned them:

1. How could they bridge the gap between the strategic planning offsite and the direction and outcomes needed from the team back home?
2. What could they do to compel the others in their organization to act on the plan with the same energy that they felt as leaders?

3. How could they help people to embrace the necessary changes and not go into a downward spiral?

Implementing a new plan typically requires change—either to the business, to attitudes, or to expectations. And the best way to align teams amid that change is to help describe the changes that are about to take place in such a way that they feel a part of them, not apart from them. To best help your teams transform the plan from a piece of paper into reality, consider their styles using Insights Discovery color preferences.

Here is how to help the cultural sparkplugs in your organization make a new beginning using Insights Discovery colors:

EXTROVERTED THINKERS: For people who lead with Fiery Red	Concentrate messages on the purpose — the reasoning behind the plan and any necessary changes. Clarify and communicate the purpose by explaining the reasoning behind the outcome you seek.	Fiery Red people need to understand the logic of the outcome before they are willing to work on it.
EXTROVERTED FEELERS: For people who lead with Sunshine Yellow	Help them to understand the picture by providing a description of what the future will look like when the plan is implemented. What will it look like when the goals are accomplished? What will it mean for the team?	Sunshine Yellow people need to imagine how it will look and feel to participate in the outcome before they can commit to it.
INTROVERTED THINKERS: For people who lead with Cool Blue	Focus of the plan — the steps necessary to move from the current state to the desired future. Create a plan, laying out the steps necessary to reach the desired goals.	Cool Blue people need a clear idea of how they can get where they need to go, and enjoy learning or creating the details of “how” just as much as “why.”
INTROVERTED FEELERS: For people who lead with Earth Green	Explain the plan from the perspective of part — the role each person will play in both the destination and the plan to get the organization there. Give each person a role to play in the plan and its outcomes.	Earth Green people need a tangible way to contribute and participate, and want to feel connected to the outcome.

Telling a compelling story about a new strategic plan is the first step toward inciting powerful action, alignment, and accountability within your team. Give us a call if we can help add the colorful perspective needed to help you root your strategic plan in all levels of the organization and gain momentum.