

# Launchpad Partners

## Corporate Kryptonite™



Over the years, we've had a number of instances in which we've created an enormous amount of value in a remarkably short period of time. We're not talking about 5% growth here and 10% there. We're talking about:

- Taking a medical device company **from receivership to a market value of \$650 million in 18 months;**
- Increasing the value of a family-owned business **sevenfold in the two years leading up to its sale;**
- Creating a strategy that increased the value of a consumer goods company **10X in less than 24 months;**
- Finding, in only about **4 weeks**, a profit improvement opportunity for a major insurance company that was worth nearly **\$3 billion in shareholder value.**

As you might imagine, we're often asked how we've been able to have such a significant impact in such a short period of time. The answer is that instead of giving these companies a laundry list of things they need to do, we start by helping them figure out **what they're already doing that's getting in the way of their success.**

### Corporate Kryptonite™

Companies that are underperforming their potential (and that's most of them) usually have two things in common.

- They have terrific assets – people, products, brands, IP, etc. – that should provide the foundation for a healthy, growing, profitable business;
- They have a small number (usually just 2-3) deeply embedded practices or behaviors that feel right, but actually sap the power of the company's strengths and keep it from being successful.

We call these individual practices and behaviors Key Success Limiters™, or KSLs. They have remarkable power to sap even tremendous corporate strength. That's why we call them Corporate Kryptonite™.

We've seen repeatedly that regardless of company size or industry, when you find the Corporate Kryptonite™ and take it away, you unleash a flood of healthy, productive behavior that often leads to the kind of astronomical valuation creation described above.

## **Hiding in Plain Sight**

Every company – indeed every organization and every individual – has a belief system. It is impossible to function without one. KSLs, the behaviors that make up Corporate Kryptonite™, grow out of beliefs that are so deeply held within the business that they aren't questioned. So when the search is on for ways to improve the business, they don't even hit the radar screen. It's not that the KSLs are consciously taken off the table. Instead, they are so deeply embedded in the company's belief system that they operate subconsciously. It never occurs to anyone that they should be on the table in the first place.

KSLs feel comfortable and safe. They reinforce our understanding of how the world works. Even when they are completely wrong, they often are supported by tons of data. Why? Since we “know” that they are true, we design metrics and data collection systems around them. The result is a self-fulfilling prophecy and the perpetuation of a success-limiting activity.

## **Small Problems with Big Impact**

The effects of KSLs are pervasive. Those effects occur either cross-functionally within the business or in ways that simply exceed the company's functional or departmental boundaries. This is another reason Corporate Kryptonite is hard to find. Traditional business improvement efforts, especially cost-cutting, simply miss them. It is also why taking the Corporate Kryptonite™ away has such a big impact. When the beliefs and resulting dysfunctional behaviors that limit success go away, performance all across the business gets better in a hurry.

## **Fixing KSLs**

The good news about KSLs is that once you find them, they often are pretty easy to fix. Understanding KSLs help you redefine the problem you are trying to solve. And the new problem usually is much easier to solve than the old one. For example, the insurance company mentioned above was struggling with sales force productivity. The 'old' question was “How do we ensure that the agents we hire survive in the business long enough to be successful?” The 'new' question was “How do we stop investing in agents who will never generate a positive ROI?” The answer, as you might guess, was incredibly simple: Invest in new agents only once the agent has proven they have proven that they are on a path to success.

## **Finding KSLs**

As this example suggests, KSLs always seem incredibly obvious in the rear view mirror. The moment when a company recognizes one of its key limiters invariably is accompanied by an enormous “Aha!” But it immediately seems as if they've had that knowledge forever.

KSLs, however, are *never* obvious up front. The insurance company, for example, had been wasting hundreds of millions of dollars on unproductive agents for decades. Why? Because finding KSLs requires two things that many company leaders aren't willing to do:

- Acknowledge that some of the things you believe may not be true;
- Get some outside help. Outsiders are not beholden to your belief system. This makes them free to ask why over and over again until the cracks in the foundation become visible. (Even those of us who make a living helping other people see their blind spots have blind spots of our own. That's why we have a group of friends and advisors whom we rely on to keep us from sliding into the snow bank and to pull us out when we slide into it anyway.)

There is never a better time to start than now. Whether the economy is strong or weak, identifying the success-limiting behaviors in your business is the highest leverage change an owner or CEO can bring to a company.

So take a deep breath, look in the mirror, and ask yourself, "What would I do differently if it turned out that some of the things I believe turned out not to be true?" Find someone you trust to guide you through the process. Find your Corporate Kryptonite, take it away, and enjoy the tidal wave of growth, profit and value creation that will wash over you.