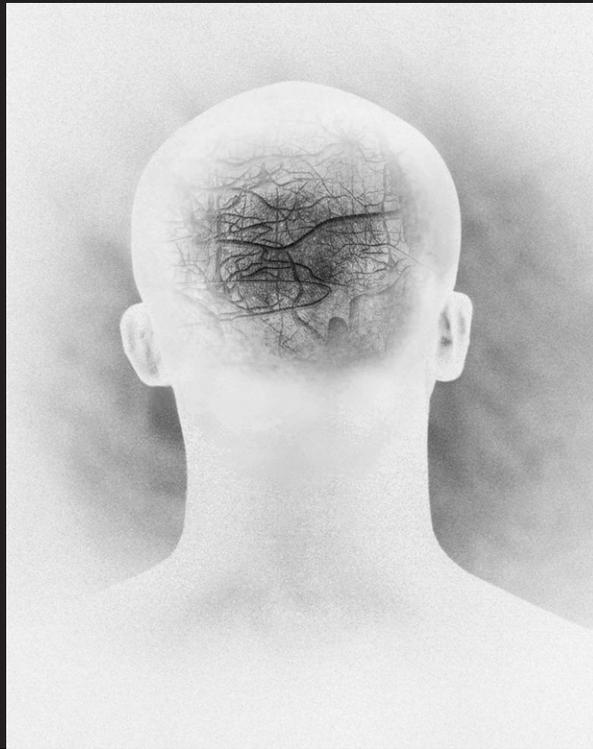
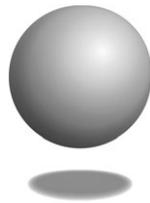


Deep Strengths

RESEARCH PROJECT



A Thought Paper from



P R I T C H E T T

Over 300 CEOs across the United States took time out of their busy schedules to participate in this study.

We deeply appreciate those of you who contributed to our database. Hopefully the insights from this research will stimulate your thinking and help shape your priorities as a leader.

What makes an organization “strong”?

IT'S WORTHWHILE FOR LEADERS TO STOP AND CONSIDER WHERE STRENGTH
ACTUALLY COMES FROM.

Where should you look to ascertain just how robust
or capable your organization actually is?

What do you measure in order to determine its power?

How can you best direct your efforts to make it stronger
for the challenges that lie ahead?

The common practice in assessing strength is to focus on financials — e.g., market share, cash flow, ROI, earnings per share, stock price, and so on. These are crucial metrics. But when it comes down to differentiating between cause and effect, the numbers are best seen as *effects*. Good financials are *results* brought about by something else. They can become part of the base of strength, but financial success invariably rests upon deeper pillars that serve as the foundation beneath the surface.

These *deep strengths* are rarely studied. Traditionally they don't get measured at all. It's also hard to find organizations that have deliberate and well-conceived efforts aimed at developing themselves in this regard.

Deep Strengths: Pillars of Organizational Effectiveness

PRITCHETT CONDUCTED THIS NATIONWIDE STUDY TO DETERMINE HOW CEOs RANK THEIR ORGANIZATIONS ON KEY TRAITS WE REFER TO AS <i>DEEP STRENGTHS</i> . THESE TEN ATTRIBUTES ARE CLOSELY TIED TO PERFORMANCE, YET OFTEN THEY'RE LEFT TO CHANCE.	Resilience (<i>The ability to take problems in stride, to bounce back quickly from difficulties or defeat; change-adaptive</i>) Confidence (<i>Organizational self-assurance; belief in the organization's ability to perform effectively</i>) Energy Level (<i>The "corporate metabolism;" vitality; the capacity to do work</i>) Creativity and Innovation (<i>Coming up with viable new ideas; implementing fresh approaches</i>) Can-do Attitude (<i>A success-minded bias to "go for it" and make things happen</i>) Ambition (<i>Aspiration level or drive to achieve</i>) Hope (<i>Faith in the future; favorable outlook regarding things to come</i>) Happiness (<i>Positive, upbeat mental state; sense of well-being</i>) Competitive Spirit (<i>Playing to win; determination to outdo the opposition; pushing to improve</i>) Staying Power (<i>Emotional stamina; the psychological strength to persevere</i>)
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

These ten attributes provide a window into the *corporate psyche*, the collective consciousness of an organization.

This is not the same as the old familiar notions of morale. Or climate. Or even culture. This is different. Think of it as the "psychological balance sheet." *Deep strengths* reflect the organization's mental and emotional state, the inner condition that shapes performance and helps determine the organization's ultimate financial condition.

The CEO Perspective

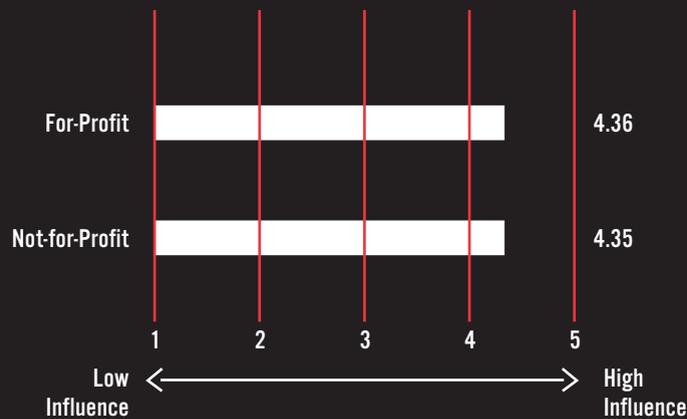
A total of 312 CEOs participated in this research, giving us their *deep strength* ratings on the organizations they lead.

We solicited input from both the For-Profit and Not-for-Profit sectors because we wanted to see how their profiles would compare.

- A total of 181 chief executives — 58 percent of our survey population — are in charge of For-Profit enterprises.
- Another 131 CEOs preside over Not-for-Profits, and they represent 42 percent of our study group.
- The organizations represented here range in size up to 120,000 employees and \$50 billion in revenue.
- For-Profit industry sectors include health-care, retail, utilities, banking, pharmaceuticals, insurance, housing/construction, business services, manufacturing, real estate, computer/software, broadcasting, agriculture, and transportation.

Just How Important Are the *Deep Strengths*?

ONE QUESTION WE POSED WAS, “HOW MUCH INFLUENCE DO YOU BELIEVE THESE TEN *DEEP STRENGTHS* HAVE ON YOUR ORGANIZATION’S OPERATING EFFECTIVENESS?”



CEOs take a clear and emphatic position here: *Deep strengths* are critically important to the success of an organization.

Note that we’re talking about the impact on how an organization *operates*, and not whether the *deep strengths* contribute merely as some kind of feel-good factor or something that’s “nice to have but not essential.”

It’s fair to say, of course, that not all *deep strengths* are created equal. Some surely will carry more sway over an organization’s success than others.

Which *Deep Strengths* Count the Most?

WE ASKED CEOs TO “LIST IN RANK ORDER THE THREE *DEEP STRENGTHS* MOST IMPORTANT TO YOUR ORGANIZATION’S SUCCESS.”

The “big 3” are the same for both groups, but with differences in their perceived order of importance.

For-Profit CEOs	Not-for-Profit CEOs												
<table border="1"><tr><td>1. Can-Do Attitude</td><td></td></tr><tr><td>2. Resilience</td><td><i>Virtually Tied</i></td></tr><tr><td>3. Creativity and Innovation</td><td></td></tr></table>	1. Can-Do Attitude		2. Resilience	<i>Virtually Tied</i>	3. Creativity and Innovation		<table border="1"><tr><td>1. Resilience</td><td><i>Virtually Tied</i></td></tr><tr><td>2. Creativity and Innovation</td><td></td></tr><tr><td>3. Can-Do Attitude</td><td></td></tr></table>	1. Resilience	<i>Virtually Tied</i>	2. Creativity and Innovation		3. Can-Do Attitude	
1. Can-Do Attitude													
2. Resilience	<i>Virtually Tied</i>												
3. Creativity and Innovation													
1. Resilience	<i>Virtually Tied</i>												
2. Creativity and Innovation													
3. Can-Do Attitude													

In responding to this question, both groups of CEOs ended up with their lowest weighted score on the *deep strength* of **happiness**.

What Matters Least?

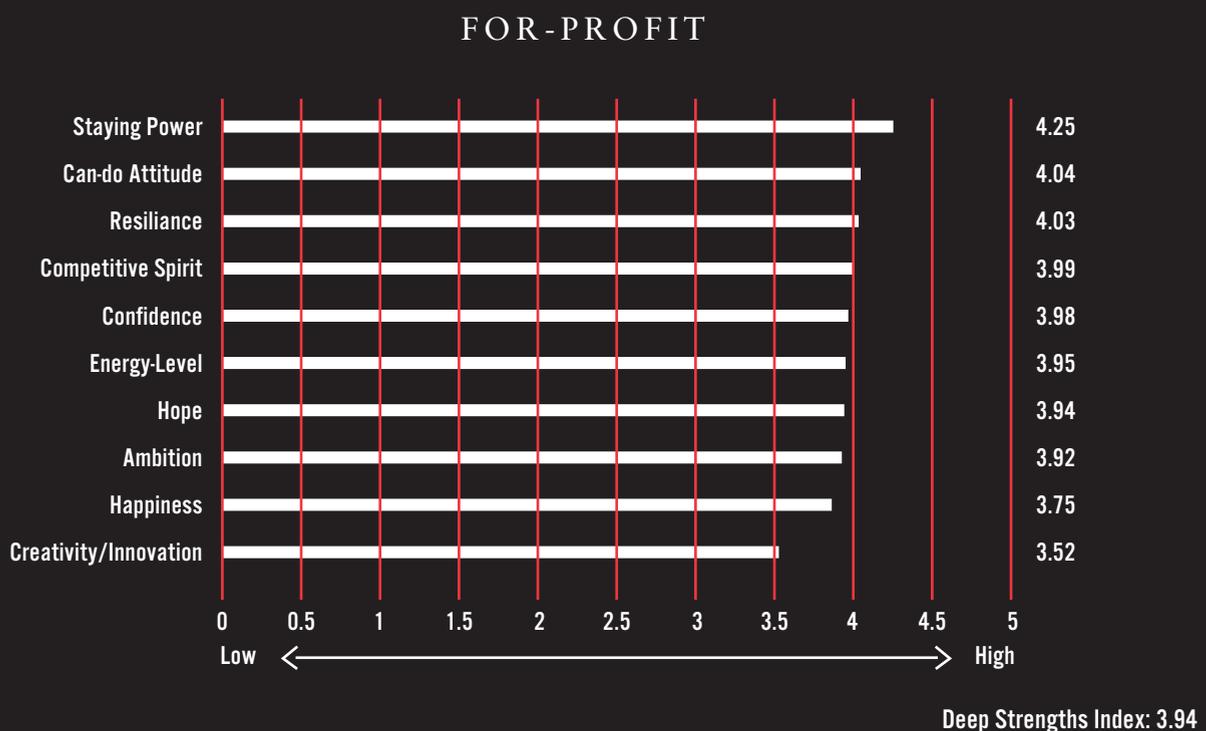
Often it sheds light on a subject to approach it through the back door. So we encouraged CEOs to consider the *deep strengths* from a reverse angle. Specifically, we asked, “Which one of the ten *deep strengths* do you consider least important for your organization’s success?”

Here’s what we found —

- For-Profit CEOs consider **hope** to be the least important of the ten factors. No other *deep strength* comes even close.
- Not-for-Profit CEOs consider **competitive spirit** to be the *least* important to their organization’s success, while **hope** trails not too far behind with the second lowest ranking.

How Do Organizations Measure Up on the *Deep Strengths*?

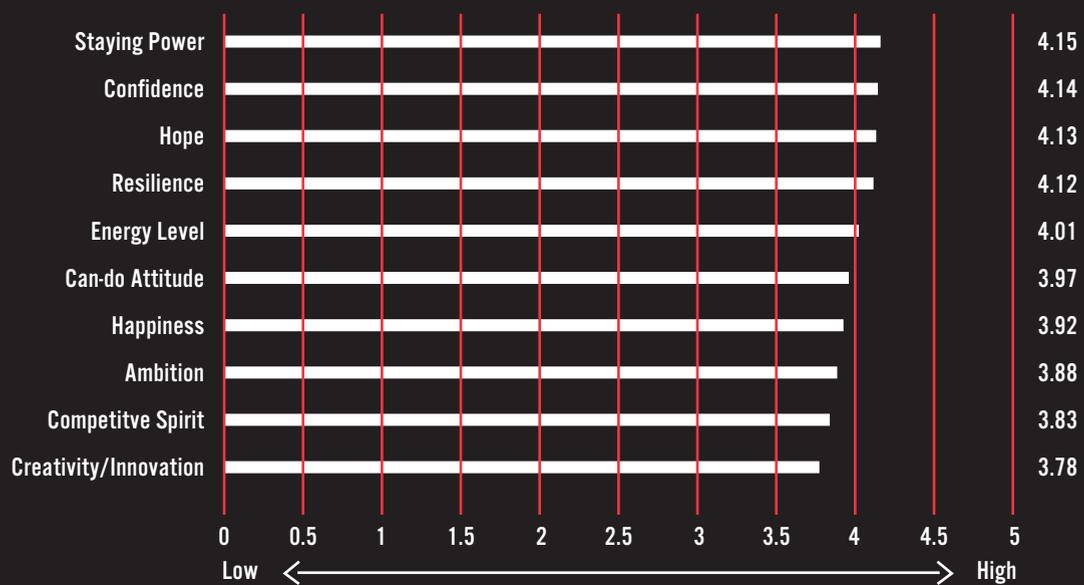
THE FOLLOWING GRAPHS SHOW HOW CEOs RATE THEIR ORGANIZATIONS' CURRENTLY EXISTING *DEEP STRENGTHS* WHEN ALL THE INDIVIDUAL EXECUTIVE RATINGS FROM EACH GROUP ARE COMBINED.



Note that all ten scores for both groups fall into the upper half of the rating scale. Based on our three decades of experience in surveying organizations, we question whether the *employees* in these 312 organizations would give similar ratings. We find that high level executives often are more positive in their critiques than people are in the middle and lower ranks.

- A look at the *Deep Strengths* Index for each group (3.94 vs. 3.99) shows no significant difference in the composite scores of For-Profits versus Not-for-Profits.
- Both sets of CEOs consider their organizations' premier *deep strength* to be **staying power**.

NOT-FOR-PROFIT



Deep Strengths Index: 3.99

- Both groups rank their organizations lowest on **creativity and innovation**. One of the most instructive data points in the entire study is this bottom ranking for **creativity and innovation**, because both groups consider it one of the two or three most important *deep strengths* for their organizations' success in the future.
- For-Profits are the front runners on four *deep strengths*: **staying power, can-do attitude, competitive spirit, and ambition**.
- Not-for-Profits are ahead on the six other attributes: **confidence, hope, resilience, energy level, happiness, plus creativity and innovation**.

More Food for Thought

CEOs LOOK AT CREATIVITY AND INNOVATION AS CRUCIAL TO THEIR FUTURE SUCCESS, YET SAY THEIR ORGANIZATIONS ARE WEAKEST IN THAT REGARD.

WHAT'S GOING WRONG?

- Many organizations hope to drive innovation by pitching it as one of their corporate values. But it remains an impotent aspiration—mere words on their website and in the employee handbook. Nothing really changes.
- Some firms conduct an occasional workshop on **creativity and innovation**. But these programs reach few people, focus superficially on “technique,” and fizzle out without moving the needle on innovation.
- Suggestion boxes, incentive programs, and the like have been tried for decades. They produce an occasional payoff, but no fundamental shift in organizations’ innovative powers.

If leaders want meaningful gains in **creativity and innovation**, they must develop the context—the culture—that nurtures such behavior. They must venture into the realm of *deep strengths*, focusing on the “corporate psyche” where performance originates.

ON HOPE: Studies show that **hope** fuels **creativity**, **resilience**, and **can-do attitude**. It also boosts **happiness** and **energy level**. So, is **hope** really the least important of the ten *deep strengths*? A study of almost 4,000 college students found that freshmen's level of **hope** predicted college grades more accurately than either their SAT scores or grade point averages in high school. What can **hope** tell us about a work group's potential for performance?

ON HAPPINESS: Does **happiness** deserve to be considered a *deep strength*? Well, research proves that *unhappiness* kills creativity and drains a person's energy level. And even if **happiness** doesn't drive your top line, a lack of it certainly can damage productivity and your organization's bottom line. **Happiness** is essentially the opposite of depression, which the World Health Organization recently declared to be the world's fourth most debilitating condition (behind heart disease, cancer, and traffic accidents). WHO also predicts that depression will become the *second* most debilitating condition worldwide by 2020.

ON ENERGY LEVEL: Both For-Profit and Not-for-Profit CEOs rank **energy level** as the seventh most important *deep strength* out of ten. Is this really where it belongs? In the vocabulary of physics, energy is formally defined as "the capacity to do work." Dr. Price Pritchett, our CEO, takes the position that a high **energy level** is one of the most crucial factors for success in the business world. In fact, he maintains that it may well be the most important attribute. He speaks of three key tasks for leaders as being the *generation*, *conservation*, and *focusing* of the corporate **energy level**.

The New Leadership Priority: Build the Psychological Balance Sheet

Deep strengths have become far more important because the nature of work has changed. It's probably safe to say that today's knowledge work is 90% cognitive—that is, mental and emotional—while a mere 10% is physical.

- The mind is now the main productivity tool.
- Thinking has become the key competency.
- People's thought processes are the major source of wealth creation.

We know that behavior begins inside the brain. The organization's silent psychology—what it thinks, feels, and says to itself—will determine its day-to-day performance...its win-loss record that shows up in the annual report...its very destiny.

In fact, people's thought processes and state of mind are fundamentally as important as their education, experience, and skill level. Maybe more so.

What Should “Strength Training” Look Like?

SOME OF AN ORGANIZATION’S EFFORTS CERTAINLY SHOULD BE AIMED AT DEVELOPING *DEEP STRENGTHS*. LEADERS NEED TO PAY MORE ATTENTION TO THESE “STILL WATERS THAT RUN DEEP,” BECAUSE THESE POWERFUL CURRENTS HEAVILY INFLUENCE OPERATING RESULTS.

We also need to respect the fact that strength training takes time. It requires a sustained effort. For example, you don’t build a muscular, well-defined physique overnight. Nobody thinks in terms of developing strong biceps by lifting 15,000 pounds all at once, just one time. Instead, you lift maybe 50 pounds...for ten repetitions...three times per week...for ten weeks. Same total amount of weight lifted — 15,000 pounds — but according to a regimen that builds muscle and increases your strength rather than breaking your back. You schedule your workouts to give your body the time it needs to grow. And you keep at it.

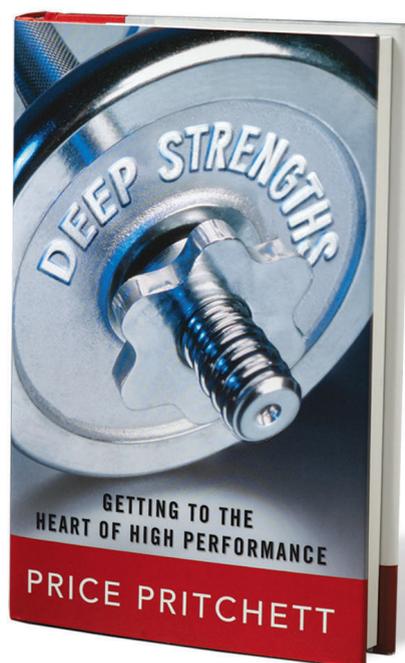
Next, we shouldn’t count on *deep strengths* developing by accident. It takes commitment. Discipline. Plus a well-conceived program with the structure and content necessary to accomplish the goal.

Strength training is important because, as the saying goes, “The weak get hit by sickness first.” We would add, “The strong get their turn at the food bowl first.” And that, of course, contributes to their getting stronger still.

PRITCHETT, LP believes that *deep strengths* represent a new and critically important domain for leaders to address. They serve as a powerful leverage point for CEOs, CLOs, and leaders in general who seek to position their organizations for excellence in the years to come.

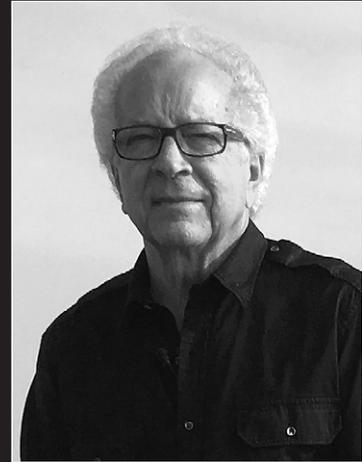
DEEP STRENGTHS ARE SIMPLY A DIFFERENT CLASS OF ASSETS—
INTANGIBLE LIKE A BRAND, BUT PERHAPS WITH MORE INHERENT
VALUE THAN AN ORGANIZATION'S HARD ASSETS.

Contact us at 214-239-9600 if you're interested in using the *Deep Strengths* Survey to measure these 10 key traits in your organization.

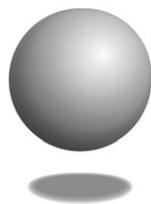


McGraw-Hill's interest in this research project led to Dr. Price Pritchett's book describing the core concepts for developing *deep strengths*.

PRITCHETT, LP Consults and trains in four specialties: organization change, merger integration, corporate culture, and process redesign. The *Deep Strengths* Research Project is one of the PRITCHETT initiatives designed to help organizations understand and address the changes needed in leading today's knowledge workers.



Price Pritchett, Ph.D. – CEO



P R I T C H E T T

8150 North Central Expressway, Suite 1350, Dallas, Texas 75206
Main 214-239-9600 Fax 214-239-9650 www.pritchett.net

© PRITCHETT, LP