

HEALTHY COMPANIES
INTERNATIONAL

Healthy Companies is a global management consulting and research firm dedicated to driving the CEO's Agenda.

We help CEOs and executive teams build healthy, high-performing organizations.

Our research indicates six hallmarks of a Healthy Company.

A Healthy Company... Lives a Higher Purpose

The company views itself not just as a business, but also as a force working for the greater good. Its higher purpose is clear, inspiring, deeply understood, and personally embraced. Its people have a passion for making a difference in the world. They see their jobs as much more than a way to earn a living.

A Healthy Company... Unleashes Human Energy

The company is a net producer of talent, rather than only consuming human energy. It drives business success with collaboration, learning, innovation, and initiative. Leaders at all levels help people embrace change and uncertainty with confidence. The company invests to attract and retain top talent, and provides motivating incentives for professional and personal growth. Leaders set ambitious-yet-attainable goals to foster optimism and sustain momentum. People are passionate about winning.

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What Is A Healthy Company?

Two decades of research reveal how to make your organization more fit to compete, survive, and grow.

A HEALTHY COMPANY IS INHERENTLY fit to compete, survive, and grow. But what makes a company “healthy”? What do you measure? How must you lead?

For 20 years, we’ve been gathering clear, actionable answers to these questions from great leaders around the world. Our CEO research, which began with a MacArthur Foundation grant, has tapped the personal experiences and perspectives of more than 300 successful CEOs from a wide range of respected companies. Among them: Canon, Edelman, Ford, Four Seasons Hotels, Harley-Davidson, Heinz, ING Group, LEGO, Northrop Grumman, Novartis, P&G, PepsiCo, Philips, Singapore Airlines, and UBS. We have published the resulting insights in international journals and in major business books, including *The Healthy Company* and *Leading People*.

“I’ve always believed that a healthy company is one where highly talented, capable people own their results.”

— **Al Carey**, President and CEO, Frito-Lay North America

Our research continues. Today, we are exploring what makes a company healthy in the twenty-first century. We are updating and recalibrating our composite index of the strengths that quantifiably set the world’s healthiest companies apart (see sidebar) and actively expanding our primary research into

What CEOs Do® to create healthy companies.

Why should this matter to you? Ultimately, your success as a leader will be gauged by one measure: Did you make the company more fit to compete, survive, and grow? That is why health should be *the* lens for viewing and leading your company.

Authoritative voices

We are in good company as we explore how the concept of health applies in the realm of business. Peter Drucker, for example, stressed that the health of the corporation is highly interdependent with the health of the larger community. “Even for a leader with little concern about the greater good,” says Frances Hesselbein, a noted Drucker disciple and CEO of the Leader to Leader Institute, “there is the reality that a sick and ailing community cannot produce the healthy, energetic, productive workforce our enterprises demand.”¹

In 2007, McKinsey & Company published findings from its extensive research in an article titled “Anatomy of a Healthy Corporation.” The McKinsey study emphasized the value of business leaders applying “a mental discipline founded on the simple metaphor of human health, which improves when cared for and deteriorates when neglected.”² Recent studies by IBM³ and PricewaterhouseCoopers⁴ offer further valuable perspectives

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A Healthy Company... Turns Decisions into Action

The company is agile, leveraging the right tools and technologies to increase the velocity, utility, and precision of its decision making and execution. The lines of authority are clearly defined, efficient, and animated with constructive two-way communication. Action plans, accountability, and performance requirements are explicit and visibly linked to the company’s vision, mission, and higher purpose.

A Healthy Company... Balances Diverse Communities

The company builds thriving communities and constructively reconciles competing stakeholder demands to delight all its constituents. Even as it pursues its own discrete goals, the company views itself as interdependent with others. It stewards resources for the benefit of the environment and the larger communities to which it belongs. The company treats everyone with dignity and respect. It celebrates and leverages diversity for performance advantage.

A Healthy Company... Creates Enduring Value

The company is committed to providing deep, lasting value to its stakeholders. Customers are the centerpiece, and customer interests are given first consideration in all key decisions. People are encouraged to question, innovate, and advocate for customers. The company demonstrates relentless customer focus.

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to executives seeking to build their company’s vitality and long-term viability.

No single study can definitively articulate what health means in business. The topic is vast—the opportunities to learn, limitless. Our own research focuses on uncovering key lessons that you, as a senior leader, can readily apply to make your organization measurably more fit to compete, survive, and grow.

“I love it when somebody tells me that they disagree with me, because that gives us areas of opportunity to discuss.”

— **Ed Zore**, CEO, Northwestern Mutual

What Great Leaders Do

Perhaps the most important and exciting finding of our research to date is that you and your fellow executives have a remarkable degree of control over the health of your company. What you do matters more than you probably realize.

In essence, the formula for making your company more healthy is to 1) understand the critical variables that determine organizational health; and 2) lead in ways that optimize those variables. The leadership behaviors required to promote your company’s health are often subtle, and sometimes counterintuitive. Here are a few examples from our ongoing research.

Hallmark of a Healthy Company	What Great Leaders Do
Lives a Higher Purpose	<ul style="list-style-type: none"> • Shares vision and passion • Leads according to clear values and principles • Communicates hope and confidence about the future
Unleashes Human Energy	<ul style="list-style-type: none"> • Champions the human agenda • Taps competing qualities inside self—realistic <i>and</i> optimistic, humble <i>and</i> confident, constructive <i>and</i> impatient • Manages and redirects anxiety to help others make the most of change
Turns Decisions into Action	<ul style="list-style-type: none"> • Asks tough questions and faces challenges head-on • Shares power and responsibility • Lives simultaneously in the present and future
Balances Diverse Communities	<ul style="list-style-type: none"> • Respects opinions and points of view that contradict his or hers • Acknowledges and works to reconcile competing stakeholder demands • Uses conflict to find bigger or better solutions
Creates Enduring Value	<ul style="list-style-type: none"> • Requires all employees to act as ambassadors of the brand and the organization • Studies and articulates the long-term consequences of short-term choices • Creates an environment that strongly reinforces customer focus and inherently values sustainability
Protects and Renews	<ul style="list-style-type: none"> • Sponsors and mentors new leaders, preparing tomorrow’s leaders today • Champions a culture of resilience, marked by work-life balance, mutual respect, and real-time learning • Provides tangible, valuable support to the health and wellbeing of employees

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A Healthy Company... Protects and Renews

The company holds firm to values and principles it deems crucial to sustained profitable growth. Leaders view the company's business reputation and brand as priceless assets. Sources of competitive advantage are well defined and constantly replenished.

"Every day I must win the hearts and minds of my employees because, if I do, I have a chance to win the hearts and minds of the consumers we serve. And that's how we think about everything."

— Alan Lafley,
Chairman and CEO (retired),
Procter & Gamble

Your company's health—its capacity to compete, survive, and grow— starts with you. Indeed, our research suggests that healthy leadership is the very foundation of a healthy company. You can promote your company's health by demonstrating high self-awareness as well as unusually sharp understanding of your people, your customers, and the larger communities to which your company belongs.

Great leaders immerse themselves in the complexity of all these interrelationships, yet draw from them simple and profound truths. By modeling these truths and making them your focal points, you can guide your company toward vibrant health and sustainable success.

Ask yourself...

- Do I use health as *the* lens for leading my company?
- Am I modeling leadership behaviors vital to promoting my company's health?
- Have I keyed my performance metrics to critical company health factors?

¹ "How Did Peter Drucker See Corporate Responsibility?" Post by Frances Hesselbein to the *HBR Debate* "What Does Business Owe the World?" June 9, 2010.

² "Anatomy of a Healthy Corporation" *The McKinsey Quarterly*. May 2007.

³ "Capitalizing on Complexity: Insights from the Global Chief Executive Officer Study" Available for download at ibm.com.

⁴ "Build Your Next Competitive Advantage: The US CEO Survey" Available for download at pwc.com/ceosurvey.

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Visit our website (www.healthycompanies.com)

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