

Deep Strengths

RESEARCH PROJECT



PRITCHETT

13355 Noel Road, Suite, 1650, Dallas, Texas 75240
214-239-9600 Fax 214-239-9650 www.pritchett.net

A Thought Paper from



PRITCHETT

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

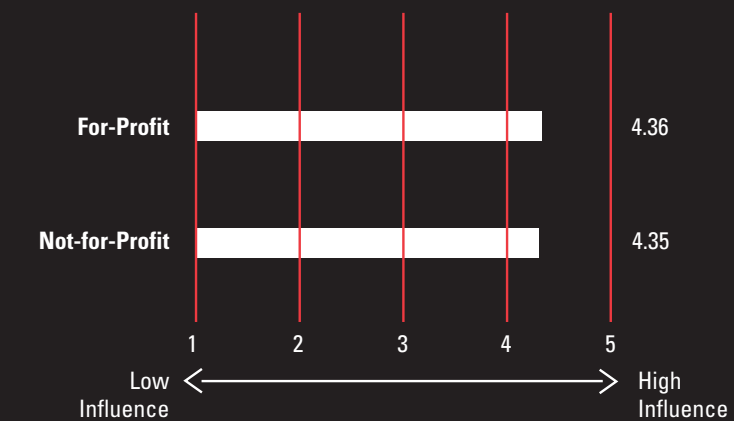
A total of 312 CEOs participated in this research, giving us their *deep strength* ratings on the organizations they lead.

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 CEO's	Not-for-Profit CEO's
<ol style="list-style-type: none"> 1. Can-Do Attitude 2. Resilience 3. Creativity and Innovation 	<ol style="list-style-type: none"> 1. Resilience 2. Creativity and Innovation 3. Can-Do Attitude

In responding to this question, both groups of CEO's 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 CEO's 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?”

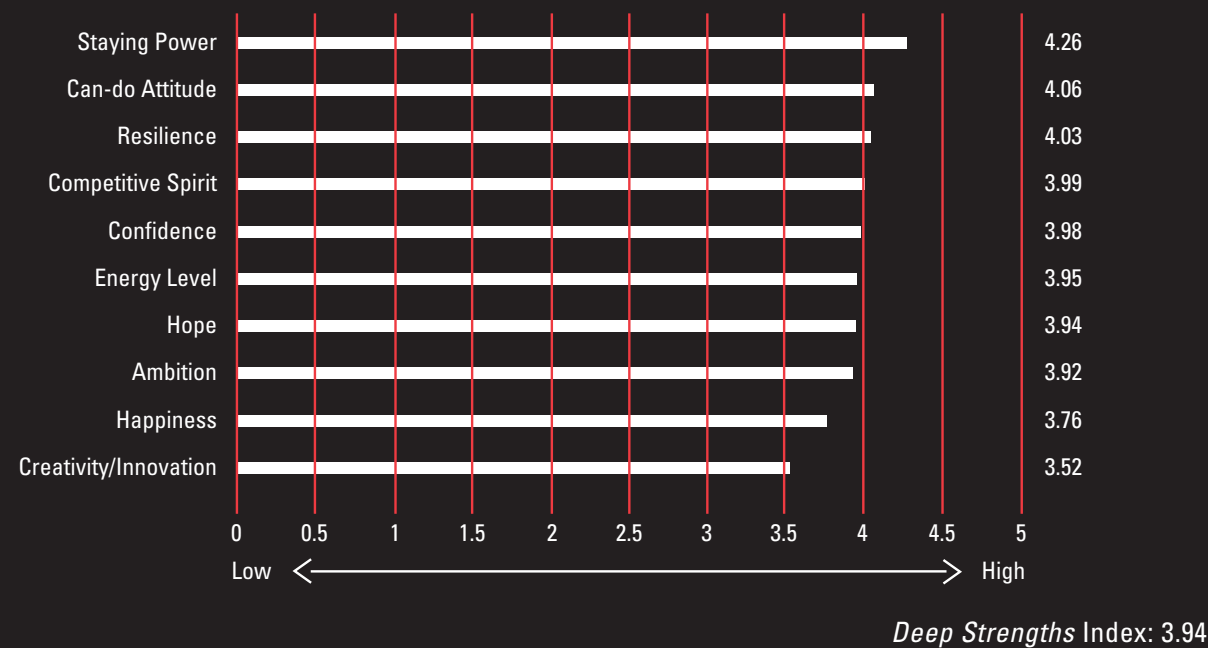
Here's what we found —

- For-Profit CEO's consider **hope** to be the least important of the ten factors. No other *deep strength* comes even close.
- Not-for-Profit CEO's 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.

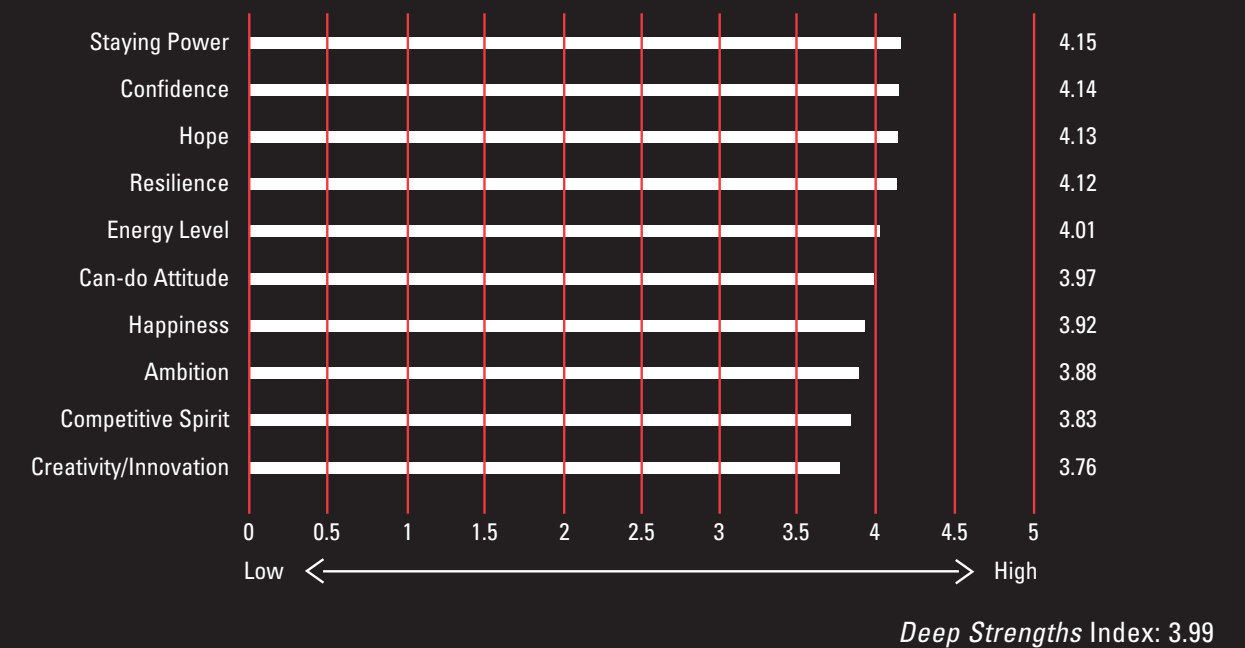
How Do Organizations Measure Up on the *Deep Strengths*?

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

FOR-PROFIT



NOT-FOR-PROFIT



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**.

- 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

The *Deep Strengths* Survey provides insight into the silent psychology of the organization. It focuses on the cognitive side of work — the mental and emotional activity — which really is the crux of the matter for today’s knowledge workers. Our thought processes and state of mind are fundamentally as important as our education, experience, and skill level. Maybe more so. The brain is “the 3-lb. tool” we should learn to use most effectively.

Other points to consider —

- CEO’s look at **creativity and innovation** as crucial to their future success, yet say their organizations are weakest in that regard. How can we best address this situation — by attempting to teach innovation “technique,” or by concentrating on shaping the organizational frame of mind such that it becomes more conducive to creativity?
- Is **hope** really the least important of the ten *deep strengths*? Or perhaps have organizations just not considered how high-powered and relevant it really is? 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?

- Does **happiness** deserve to be considered a *deep strength*? Well, even if it doesn’t drive your top line, a lack of it certainly can damage 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. *US News & World Report* states, “People today are ten times as likely to suffer from depression as those born two generations ago.” And *The Wall St. Journal* reports, “According to the National Institute of Mental Health in Bethesda, MD, 9.5 percent of U. S. adults suffer from depression.” Run this calculation on *your* organization:

$$9.5\% \times \frac{\text{your employee population}}{\text{your employee population}} = \frac{\text{\# of clinically depressed people potentially on your payroll}}{\text{your employee population}}$$

A shortage of **happiness** probably adds substantially to the health care costs in your organization.

- Both For-Profit and Not-for-Profit CEO’s 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**.
- Studies show that optimism is a “feeder system” for all of the ten *deep strengths*. Its influence is pervasive, like a broad-spectrum antibiotic. It is a thinking style with a wide-ranging positive impact on performance. And optimism can be *learned*.

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.

Chief Learning Officers need to design training and culture shaping initiatives that —

- Allow for “serial hits”— spaced programming— because that’s how strength training can naturally take place.
- Aim at key aspects of the *corporate psyche*, because that’s fundamental to the performance of today’s knowledge workers.
- Focus on attributes that have a broad-spectrum effect (such as optimism), and where disciplined research in the behavioral sciences brings proof of what we can achieve for our organizations.

In closing, 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 feed 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 CEO’s, CLO’s, and leaders in general who seek to position their organizations for excellence in the years to come.

Contact PRITCHETT, LP
at 800-992-5922

- For more detail about the results of our *Deep Strengths* Research Project
- If you're interested in using the *Deep Strengths* Survey in your organization
- To obtain a complimentary preview copy of Dr. Price Pritchett's **HardOptimism** handbook and Web-based Application Guide
- For information about our Leaders' Coaching Program for developing *deep strengths*



PRITCHETT

13355 Noel Road, Suite, 1650, Dallas, Texas 75240
214-239-9600 Fax 214-239-9650 www.pritchettnet.com

London • Mexico City • Kuala Lumpur • Oslo • Sao Paulo • Singapore • Tokyo

© 2005, PRITCHETT, LP

PRITCHETT, LP—known worldwide as “the company that does those little handbooks”—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, Chairman & CEO