The Power of No
by Rich Horwath

“You will find something more in woods than in books. Trees and stones will teach you that which you can never learn from masters.”

Saint Bernard (1090 - 1153), Epistle

What can we possibly learn from a tree? An apple falling from a tree inspired Sir Isaac Newton’s discovery of the law of gravity. And the expression “can’t see the forest for the trees” is often used to describe managers that are too tactical in nature. Anything else?

If you have any trees on your property you’re probably familiar with the concept of pruning, or cutting off branches in order to produce strong, healthy and attractive trees. It’s not a glamorous activity and can be easily overlooked year after year. However, never pruning a tree can result in disease, decay and stunted or uncontrolled growth. See where we’re going here?

How often are you pruning initiatives, activities and tactics from your business? Managers in organizations large and small are crying out for more resources when in fact, they already have all the resources they need. They simply have them tied up in traditional, unproductive tactics that add no real value to customers. When every opportunity that walks in the door receives resources, only one word can help.

No.

Saying “no” to agenda-less meetings, 'cc:' emails on the new janitor hired in the Birmingham plant, and perpetual tactics (i.e., trade-show booths that deliver zilch) that haven’t been rethought in twenty years is the first step in pruning your business. Continuing to invest your limited resources (time, talent, money) in unproductive activities is akin to gift-wrapping market share for your competitors.

Unfortunately, we as human beings aren’t big on changing. Even if it means life or death.

Dr. Edward Miller, dean of the medical school and chief executive officer of the hospital at Johns Hopkins University illustrates the point: "If you look at people after coronary-artery bypass grafting two years later, 90% have not changed their lifestyle. And that's been studied over and over again. Even though they know they have a very bad disease and they know they should change their lifestyle, for whatever reason, they can't."

From a business perspective, Michael Mankin’s research shows that 95% of executives say that their company does not have a rigorous and disciplined process for focusing top management’s time on the most important issues. In fact, 50% of senior management meetings have either the exact same agenda from meeting to meeting or take a completely ad hoc approach. When you combine the clinical and business data, it doesn’t paint an optimistic picture of our ability to prune the business.

Restaurateur Danny Meyer of Union Square Hospitality Group founded Gramercy Tavern (#1 in the Zagat Survey in New York) and Union Square Café (#2 in New York) had this to say on the importance of 'no': "I've made much more money by choosing the right things to say 'no' to than by choosing things to say 'yes' to. I measure it by the money I haven't lost and the quality I haven't sacrificed."
Meg Whitman, CEO of eBay echoes those sentiments: "Strategy at eBay is as much about the art of exclusion as it is about deciding what to do. We're blessed with lots of great ideas that we could pursue, but I'm a big believer in focus: let's do six or eight things at 100% as opposed to 20 things at 60 or 70%.

While the ability to say 'no' has catapulted Union Square Hospitality Group and eBay to great success, the inability to say 'no' has hamstrung Yahoo. First reported in the Wall Street Journal, an internal document titled, “The Peanut Butter Manifesto,” was written by Yahoo senior executive Brad Garlinghouse denouncing how the company had spread its resources too thin. CEO Terry Semel agreed: “We've got to get back to basics and again zero in on a few key priorities. I looked at the Yahoo flowchart and I saw it had 44 business units and realized neither I nor anyone else could ever manage 44 different business units.” He eventually slashed it to four.

According to the United States Department of Agriculture, the three main reasons for pruning trees are safety, health and aesthetics. From a business perspective, these reasons can translate into the following three pruning pitfalls:

1. **Safety—Comfortable Complacency**
2. **Health—Political Consensus**
3. **Aesthetics—Unprofitable Growth**

**Safety—Comfortable Complacency**
In the tree world, pruning for safety involves removing branches that could fall and cause injury or damage, trimming branches to preserve sight lines for roads and removing branches that grow into utility lines. In the cozy confines of our conference rooms, safety represents that comfortable complacency of doing the same things in the same ways as we’ve always done them. This risk-averse approach is especially popular in the larger companies where managers have more to lose from sins of commission (doing something that fails) than sins of omission (not doing something new). Not wanting to jeopardize their next step on the career ladder, managers stay the safest course, creating a culture of complacency until the business unit smashes into the rocks of innovation created by their competitors.

**Health—Political Consensus**
In the tree world, pruning for health involves removing disease or insect-infested wood, thinning the crown to increase airflow and reduce pest problems and removing crossing and rubbing branches. Political consensus within businesses involves self-serving interests (bugs), lack of candid communication (reduced airflow) and differing agendas (crossing branches). So, in order to keep our organizations in a healthy state of balance or stasis (ironically another word for motionless), many resource allocation decisions are driven by political consensus.

In other words, in order to protect the self-serving fiefdoms and avoid any territorial turf wars, the essential trade-offs, pruning and “no’s” are drowned in the vanilla-colored sea of mediocrity that seems to emanate from consensus. James Hackett, CEO of Steelcase had this to say: "Their goal in formulating a point of view was not to reach consensus; the team didn't want to dilute what it had learned. Consensus is often about finding middle ground because people want to feel good about their colleagues and maintain friendly relations. This doesn't necessarily lead to the best decision, which was what this team was after."

Be aware that political consensus will be a formidable obstacle in your path to pruning the business. Developing a Person—Position Map that identifies the key people, their positions of interest and decision-making frames is one method of navigating this pitfall.

**Aesthetics—Unprofitable Growth**
In the tree world, pruning for aesthetics involves enhancing the natural form and character of
Unprofitable growth is the proverbial “growth for growth’s sake” in which an organization and its executives become mesmerized by the allure of a larger top line. It means an uncontrolled approach to growth that forsakes profit and instead casts an eye out for acquisitions that actually wind up destroying value.

Harvard Business School Professor Michael Porter says: "Among all other influences, the desire to grow has perhaps the most perverse effect on strategy. Trade-offs and limits appear to constrain growth. Serving one group of customers and excluding others places a real or imagined limit on revenue growth. Broadly targeted strategies emphasizing low price result in lost sales with customers sensitive to features or service. Differentiators [intentionally] lose sales to price-sensitive customers."

Saying “no” through the necessary trade-offs means not serving all customers and all needs. Some managers simply can’t comprehend the concept of not serving a segment of potential customers and leaving money on the table, even if it’s killing their business. This ability to say “no” also means not jumping through every hoop customers say they need. Jeffrey Immelt, CEO of GE explains his approach to customers and strategy: "I’ve spent my lifetime working with customers, and I love customers. I get great insight from them—but I would never let them set our strategy for us. But by talking to them, I can put it in my own language. Customers pay our bills, but they will never pick our people or set our strategies."

“If a Tree Falls in the Forest…”
According to the USDA, pruning a tree in the dormant season is best in order to easily visualize the structure of the tree, maximize wound closure in the growing season after pruning, and to discourage excessive sap flow from wounds. Translation: better to prune activities and resources during the course of “normal” business on a continuous basis then wait until we’re faced with a major crisis. In crisis mode, we are more apt to overreact and narrowly focus our cuts on symptoms and not the root causes of the issues. By pruning on a regular basis (monthly, quarterly or yearly), we can avoid having to bring out the chain saw and stick with the hand pruners, giving us a better chance at new growth.

There are a number of valuable tools to use in pruning your activities and tactics for resource allocation. Identifying or baselining the current resource allocation (including how you and your team spends their time) is a necessary starting point in any analysis. One useful model in helping you prune your business is the Activity System Map. The Activity System Map provides a visualize layout of your business, including the primary strategic themes and their supporting tactical elements. Another helpful model is Value Factor Analysis. VFA breaks down your resource allocation through the eyes of your customers, allowing you to see where you are over-performing, underperforming and meeting their needs. It then compares your performance with the performance of key competitors.

What tools and frameworks are you using to prune your business? If your management team is not using a portfolio of tools on a regular basis to help you say “no,” your organization is in serious jeopardy of becoming next season’s firewood.