The Pig, the Lipstick & the Playbook of Champions

Reclaim Your Competitive Advantage and Culture to Win

JOHN ROSSMAN

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Preface – A Warning!

Kevin McCaffrey was my client at T-Mobile for three years before coauthoring Big Bet Leadership with me. Shortly after the book release, he observed that the catalog of my three books—<u>The Amazon Way</u>, <u>Think</u> <u>Like Amazon</u>, and <u>Big Bet Leadership</u>—are an antidote to the **poison** many companies are slowly digesting.

That poison is called **mediocrity**, and it creates a business and team culture where being **average** is not just acceptable but is reinforced and rewarded.

Mediocrity has become the accepted target.

Warning: Changing your aspirations from being "mediocre" to "great" is not an incremental step. **Be prepared for work, to experience uncomfortable truths and setbacks and then breakthroughs.** The journey typically unfolds in that order.

The journey will be hard, but it does not need to be complex. My job is to simplify and accelerate the journey, not make it easy.

Reach out if you'd like to discuss how I can help. Our services are outlined on <u>Page 38</u>.

Onward!

John <u>www.rossmanpartners.com</u>



Your Coach

I'm John Rossman and for over thirty years I've been advising executives on the topics of technology, transformation, innovation, and efficiency in today's hyper-digital world. I'm an early Amazon executive and led key initiatives like the launch of Amazon Marketplace, an early Big Bet that turned into a major competitive advantage for the company. That experience—being part of a team that took bold risks, innovated relentlessly, and built scalable systems has shaped my career and my approach to leadership.

Prior to Amazon, I was a partner at Arthur Andersen. Following Amazon, I was a Managing Director at Alvarez & Marsal for twelve years with a diverse set of clients such as Microsoft, Nordstrom, Walmart, and Ericsson. I held several interim leadership roles, including CIO for a national retail chain and Senior Technology Advisor to the Gates Foundation.

I left A&M in 2017 and founded Rossman Partners, where I have had hundreds of keynote clients and several advisory clients, including T-Mobile and Alcon.

My approach is simple but demanding: create clarity, have urgency, and prioritize what matters most. These principles are at the heart of the books I have authored—The Amazon Way, Think Like Amazon, and Big Bet Leadership. Each one is rooted in practical, real-world experiences, designed to give leaders the tools they need to think bigger and act bolder. Today's business climate is defined by rapid technological change, intense competition, and a constant need to adapt. My goal is to help leaders not just survive these challenges but thrive in them. If you're willing to think big, bet small, and move fast, you can create transformative change.

That's what I do—I help leaders make their Big Bets count to reclaim their competitive advantages.

Let's get to work.



The Tragic Tale of Competitive Advantage

The history of sustained business advantage and growth is a mostly sad and tragic tale. It is rare for a company to maintain vitality, margin, customer satisfaction, and a leading market position for a sustained period of time. Competitive advantages are short and getting shorter in the age of AI.

We refer to the classic stories of company disruption—Kodak, Blockbuster, and Xerox—as examples of once category-defining companies that could not move beyond the success that made them disruptors. Despite having the future right in their hands, they could not move beyond their current strategies and approaches.

Disruption is not a historical occurrence. There is a recent set of categoryleading companies now facing a dramatic challenge. Nike, Boeing, Intel, Starbucks, and General Electric are but a few examples. They have all lost their competitive advantage and have tarnished their brands. With the rapid advancements of AI, we feel the world changing and can intuitively understand both the opportunities and threats posed by this disruptive set of technologies. Yet the threat of disruption still feels remote. AI seems like a tool to use in our job and drive important incremental benefits, not to redefine our company, our operating model, or transform our value proposition.

The typical corporate innovation programs and investments, led by the "chief digital officer," "chief transformation officer," or now, the in vogue "chief AI officer," are usually about marginal improvements. These leaders and their programs deliver incremental benefits keeping us at par with competition.

This is the best case. These innovation programs are often just "for show," what I call a "drugstore cowboy" as they are "all hat, no cattle." These handwaving exercises buy time with the board of directors, investors, media, and other stakeholders, with selfish motivations of glorious job titles as the real motivation.

There is no serious reconsideration of the business or urgency to deliver value.



The Innovator's Dilemma

Clayton Christensen framed this challenge as "The Innovator's Dilemma" – the challenge faced by established companies in innovating and adopting new technologies or business models that could potentially disrupt their existing operations.

The various measures and signs of accelerating disruptions and competition are there. At a macro level, the increasing turnover rate in the Fortune 500 and the quick fall-from-grace of storied brands are indicators.

But the signs are even more obvious than that. Once-loved brands are damaged with mediocre and undifferentiated products, customer experiences, and brand development.

Competitors and new market entrants moving faster, more efficiently, and with better market reaction. They all point to how difficult it is for companies to sustain advantages, maintain growth and customer relevancy, and how quickly it can happen.

Growth and retention are flat or heading in the wrong direction. Efficiencies have stalled out. At the end of each quarter, companies get more creative to meet commitments and are using financial engineering and sales tactics to synthetically show progress.

Our company was once the disruptor, the innovator, with a compelling value proposition, product and service with better margins. Now, we are the hunted. An alarming 73% of enterprises failed to derive any business value from their digital transformations, and 78% fell short of meeting their business objectives

89% of companies have launched a flavor of digital transformation. But they only captured 31% of the expected revenue and realized just 25% of the total cost savings

Only 8.5% of projects hit the mark on cost and time. And a minuscule 0.5% nail cost, time and benefits

Great brands like Starbucks, Disney, Boeing, Oracle, and Nike are suffering from their version of the Innovator's Dilemma.

Are we suffering from some variation of The Innovator's Dilemma?

The Innovator's Dilemma, written by Clayton M. Christensen, is an exploration of why successful companies often fail when they encounter disruptive innovations. Christensen reveals how the very strategies that help companies succeed focusing on improving existing products and catering to their best customers can also trap them in a cycle of incremental improvements, leaving them vulnerable to disruptive technologies and business models that initially seem insignificant but eventually reshape entire industries.



Culture Hijacking

But it's more than just the market and our customers giving us feedback. Our problem runs deeper than just The Innovator's Dilemma. Accountability, speed, and attention to detail suffer across our organization. Consensus decision-making, "going along to get along," and uninspiring goals set our agenda. We allow operating standards, customer experience, and high expectations to decline. We don't help each other improve because coaching is hard and risky. Are people giving their best, or just putting in their time? Quiet quitting is enabled by our poor standards and leadership.

Our culture is hijacked by an agenda of "what does the business owe me" instead of alignment to a mission, customer focus, and high standards. This self-centered mindset excels at one thing—creating a victim mentality masked by bureaucracy, diluted decision-making, and weak leadership. These weak leaders have one primary goal: avoid offending others by upholding high standards. Just "get along."

If we continue down this path, we risk not only losing our competitive edge but also the very essence of what makes a company thrive—its culture of excellence and accountability. Every day spent under this cloud of mediocrity is a day we forfeit the opportunity to lead, innovate, and exceed expectations.

We are at a critical juncture where complacency is more dangerous than any external threat. The erosion of high standards isn't just a problem—it's a ticking time bomb. If we don't course-correct, we're not just accepting subpar performance; we're endorsing it as the new normal.

As Howard Schultz, the former CEO and founder of Starbucks reflected:

"The worst thing that a company can do, like a sports team, is start playing defense because you're afraid to fail. That is a disease. Not unlike another disease which has happened in Starbucks, which is hubris. I think, over time, that has happened at Starbucks."

https://thedigitalleader.substack.com/p/it-nevers-ends-well-howard-schultz



Meet the Enemy

This culture hijacking and lack of innovation is more than a missed opportunity; it's a betrayal of our potential. We are allowing the relentless pursuit of greatness to be suffocated by a culture that tolerates far less. The cost of inaction is immeasurable—not just in lost revenue or market share, but in the slow, silent death of our organization's spirit and ambition. We must reject the comfort of consensus and the safety of mediocrity.

The time for bold and decisive action is now, before we become another cautionary tale of a company that let its vision dim and its impact fade. Warren Buffett warns his own company, Berkshire Hathaway, of the "ABC's of corporate decay – Arrogance, Bureaucracy, and Complacency."

The enemy is mediocrity. The mistake that leaders make is in letting it slowly become acceptable in our organizations. Mediocrity becomes the accepted target! Our past achievements, approaches, and business success combined with conventional management wisdom stifle innovation and calculated risktaking, resulting in organizations clinging to outdated practices, playing it safe, and optimizing for the current quarter. Companies become inwardfocused instead of outward-focused. Their focus and skills transition from playing offensive to defending the castle.

The risks and challenges we face are a combination of the external market and our inability to react to them.

If we dig deep, we know that we are accepting "average" in our competitive advantage and our team culture. Mediocrity impacts our business results today, and we are not ready for tomorrow.

The enemy is mediocrity.



The Playbook of Champions

Mark Twain said, "History doesn't repeat itself, but it rhymes." The history of corporate reinvention proves this true. The patterns of business disruption and market irrelevance are repeating themselves once again.

Today, leaders face two key challenges: The Innovator's Dilemma and Culture Hijacking.

We must excel in running our business today—earning customer loyalty, rewarding shareholders, and growing our employees—while also building for the future through transformation and innovation. We need to recreate a high-performance culture, always striving for better and appreciating the resources and advantages we currently enjoy.

At one point, most companies had this: urgency, ownership, risktaking, and an achievement culture. We don't need to emulate others; we need to reclaim the qualities that made us great in the first place.

If you're ready to reclaim your competitive advantage and culture, then you're in the right place.

Amazon and Jeff Bezos call this being a "Day 1" company

I call it the Playbook of Champions.

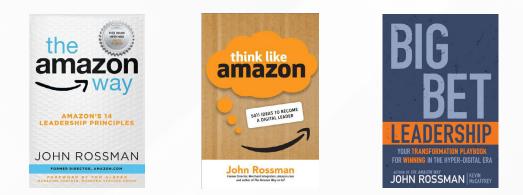
This playbook invigorates organizations, teams, and the careers of leaders. When used correctly, you run a winning business today, and the business is systematically antifragile, immune to disruption, and set up for long-term success. The business is future-ready.

The **Playbook of Champions** consists of three integrated sections. These sections are:

- Section One: Building the Foundation
- Section Two: Chasing Perfection
- Section Three: Taking Big Bets

Together, these sections create a set of shared beliefs and approaches for **successful business operations and strategic reinvention**. This cohesive system focuses organizations on managing to a mission, high standards, sharp choices, continuous improvement, and a systematic approach to renewal. The Playbook of Champions integrates critical components of The Amazon Way, Think Like Amazon, and Big Bet Leadership into an integrated framework with clear steps to take in assessment and implementation.

In this short introduction to the **Playbook of Champions**, the philosophy and key concepts are outlined. Additional plays will be inserted into the Playbook of Champions—but the framework stays the same. <u>Register for free at www.</u> <u>bigbetleadership.com</u>, and we will send you a notification when new plays are released.



Section One: Building the Foundation

The famous quote, "Culture eats strategy for breakfast," often attributed to Peter Drucker, suggests that culture is the dominant force, overshadowing strategy. But this idea can be misleading if taken to mean that a great strategy is unnecessary. In reality, it's the combination of culture and strategy that sets apart the truly exceptional businesses. Culture alone doesn't win – it's the alignment of Purpose, Principles, and People that links a winning strategy with a high-performance execution culture and a talented team.

When building a championship business, you need strong foundational elements, all working together, to achieve greatness. These foundations are essential for driving strategic direction, shaping a high-performance culture, and attracting the right talent for your mission. These elements serve as the bedrock that supports the next steps in the journey.

The goal of this section is to set you, your team, and your business on a trajectory to compete for championships. To do so, your foundations must be crystal clear, ambitious, and intolerant of mediocrity. The standard is excellence, and anything less must be challenged.

One common mistake that can hold us back is the notion that culture should be accommodating for everyone. I reject that idea. A championship culture isn't about pleasing the majority – it's about creating an environment where the right people can thrive, do exceptional work, and enjoy the pursuit of excellence. It's about celebrating the struggle, the progress, and the relentless pursuit of better. That's what makes a business not just good, but truly great.

People who do not share the ambition or drive to develop in alignment with the team's pursuit of a championship may find that this culture is not the right fit for them. In the introduction, I noted that this playbook might not be for everyone. Think of the greatest coaches and legendary innovators. They created an atmosphere that demanded the best from everyone.

Building the Foundation: Play 1 - Purpose

A Massively Transformative Purpose (MTP) is a bold and visionary declaration defining an organization's, team's, or individual's aspirational impact. It serves as a unifying a North Star, inspiring and guiding employees, customers, partners, and shareholders toward a common and often audacious mission.

An MTP aims for long-term results and change, addressing grand challenges and creating significant positive shifts. By anchoring on an MTP, organizations foster innovation, attract passionate talent, allocate resources, and galvanize a movement that propels them toward extraordinary achievements and maintains an enduring legacy.

True customer obsession combines with the MTP, aligning both current operations and strategic curiosity in pursuit of innovation. Cultivating an intense and honest focus on serving customers better, customer obsession ensures market relevance, keeps us attuned to what is needed, and fosters an outward, rather than inward, focus. This customer-centric approach embraces curiosity, sharpens mission focus, drives accountability, and avoids the echo chamber of internal thinking.

Strategy defines the unique and valuable position that allows our business to achieve competitive advantage by delivering superior value to customers. It connects the MTP, target customers, and value proposition. In other words, strategy answers the question: How are we going to get there?

These three elements of Purpose—MTP, customer obsession, and strategy add up to a coherent mission, a North Star, and market orientation essential to driving a winning business.



Building the Foundation: Play 2 - Principles

Leadership principles are essential for building a championship organization, as they provide a clear framework that guides how a team operates, prioritizes, and upholds expectations. These principles form the backbone of decision-making and shape the culture, setting the standard for how people collaborate, innovate, and strive for success.

Amazon's leadership principles serve as a powerful example of how wellarticulated values can drive a business forward. These principles are not just aspirational; they are actionable, shaping every decision, influencing behavior, and providing a consistent foundation across the organization. When principles are embedded into the daily rhythm of an organization, they act as a compass that directs the team toward excellence.

Without clearly defined principles, and without mechanisms to bring those principles to life, organizations risk inconsistency, misaligned priorities, and diluted cultural values. Leaders may inherently set the tone and values, but as an organization scales, it becomes crucial to formalize these principles. Documenting and codifying them ensures that these values are consistently communicated and upheld, providing a sense of clarity and cohesion at every level of the business.

Codified leadership principles enable the development of mechanisms for communication, training, and accountability. They offer a common language for evaluating performance and create a framework that fosters ownership and alignment. With everyone operating under a shared set of principles, culture is strengthened, and the organization is better positioned to scale sustainably while staying true to its identity.

By embedding these principles deeply into the fabric of the company, a team can cultivate a resilient culture that aligns with its Massive Transformative Purpose (MTP) and translates that MTP into meaningful, consistent standards of behavior and decision-making. This is how a championship organization is built – by creating a shared foundation that drives every individual to be their best, aligned with the collective mission of excellence.

"Operate by principles that are so clearly laid out that their logic can easily be assessed, and you and others can see if you walk the talk." — Ray Dalio, Principles

Building the Foundation: Play 3 - People

People are the cornerstone of any championship organization. But it doesn't start with hiring or positioning the right people – it starts with design.

A successful organization begins with thoughtful design: the structure, the outcomes, role definition, and strategic alignment. How can you hire the right person or set expectations if the organizational framework or role clarity is incomplete? Before bringing in talent, it's essential to ensure the structure is built to support success.

For existing teams, this means reassessing the current structure, redefining roles if needed, and aligning them strategically. It's about ensuring that team members understand their roles and how they contribute to the broader goals, creating a foundation for growth and championship-level performance.

Once the foundation of design is in place, you can then focus on hiring and putting the right people in place—individuals possessing the necessary skills and experience who also embody the company's core values and principles. By carefully selecting team members who align with the organization's culture and vision, businesses create a cohesive, motivated workforce ready to pursue championship-level success. Training and goal setting are equally crucial. Equipping employees with the knowledge and skills needed to excel in their roles is essential for their growth and the organization's success. A well-structured development program fosters continuous learning and enables individuals to grow alongside the organization, ensuring adaptability and resilience.

Retaining top talent is a vital aspect of building a championship organization, as it maintains continuity and preserves institutional knowledge. Creating an environment where employees feel valued and supported, with clear career paths, opportunities for advancement, and a culture of recognition and reward, is key to fostering loyalty and engagement.

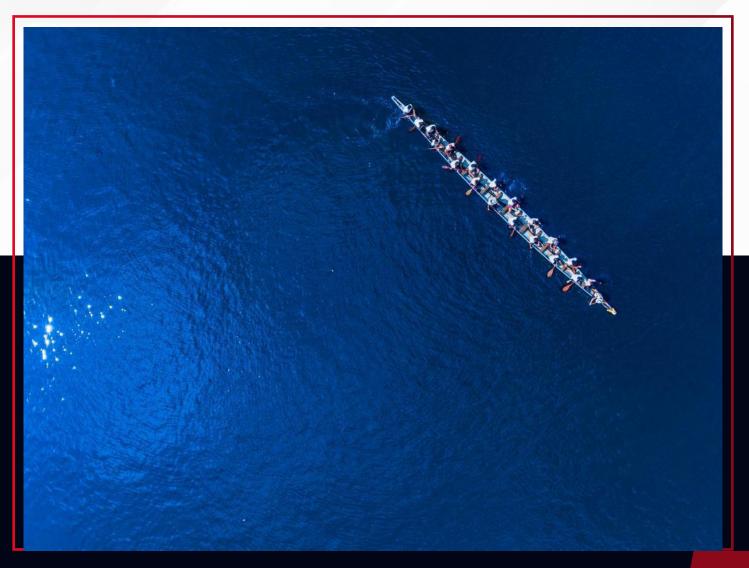
Maximizing the potential of your people means putting them in the right positions with clearly defined expectations. This requires a robust performance management system that measures outcomes and provides constructive feedback. A comprehensive benefits and compensation package plays a critical role in attracting and retaining top talent, demonstrating the company's commitment to the well-being and satisfaction of its employees.

By investing in people through intentional design, careful selection, ongoing development, and supportive systems, organizations can create a resilient, high-performance culture. It's about aligning the right people with the right roles, providing them with the tools and support they need, and creating an environment where everyone is driven to be their best. This is how championship teams are built—with the right people in the right places, all working together towards a shared mission of excellence.

Building the Foundation: Purpose, Principles & People

The true strength of an organization lies in the alignment of its people with its MTP and Principles. When this alignment is achieved, it creates a powerful core that allows everyone to efficiently work together toward common goals, with a clear understanding of success and the collective effort required to reach it. This unity not only drives performance but also fuels innovation and builds resilience, as employees are empowered and motivated to contribute their best.

With the Foundations of Purpose, Principles, and People defined, the stage is set for the next two pillars to run your championship business – perfect and extend your business. It may sound like a cliché, but true success requires us to row together in unison. These foundations lay the groundwork for this kind of precision teamwork.



Section Two: Chasing Perfection

An unwavering commitment to the relentless pursuit of customer experience and operational perfection, frugality, focus on the right details, and investment in infrastructure is the engine driving toward our Massively Transformative Purpose.

The decay of successful companies often starts with cutting corners, allowing execution, customer experience, critical operating parameters, costs, waste, and quality to slip—or, at times, take a large stumble.

We are not relentless.

Decent businesses can get away with an erosion of key performance indicators (KPIs) and execution, and with underinvesting in infrastructure. But not championship teams. Championship teams pay attention to details, demand world-class performance, continually work to decrease lead times, eliminate waste and quality issues, and strive for a best-in-class customer experience. They build the teams, metrics, and infrastructure to systematically seek improvement and perform root cause analysis to get to "better."

They are relentless.

Do you know who owns the domain "relentless.com?" The domain is owned by Amazon. It is a message to Amazon employees and shareholders regarding many core management beliefs.

In Amazon's 1997 shareholder letter, Bezos refers to how being relentless will be manifested in the pursuit of perfection:

"We will continue to focus relentlessly on our customers.

We will continue to make investment decisions in light of long-term market leadership considerations rather than short-term profitability considerations or short-term Wall Street reactions.

We will continue to measure our programs and the effectiveness of our investments analytically, to jettison those that do not provide acceptable returns, and to step up our investment in those that work best. We will continue to learn from both our successes and our failures.

We will make bold rather than timid investment decisions where we see a sufficient probability of gaining market leadership advantages. Some of these investments will pay off, others will not, and we will have learned another valuable lesson in either case.

When forced to choose between optimizing the appearance of our GAAP accounting and maximizing the present value of future cash flows, we'll take the cash flows.

We will share our strategic thought processes with you when we make bold choices (to the extent competitive pressures allow), so that you may evaluate for yourselves whether we are making rational long-term leadership investments.

We will work hard to spend wisely and maintain our lean culture. We understand the importance of continually reinforcing a cost-conscious culture, particularly in a business incurring net losses.

We will balance our focus on growth with emphasis on long-term profitability and capital management. At this stage, we choose to prioritize growth because we believe that scale is central to achieving the potential of our business model.

We will continue to focus on hiring and retaining versatile and talented employees, and continue to weight their compensation to stock options rather than cash. We know our success will be largely affected by our ability to attract and retain a motivated employee base, each of whom must think like, and therefore must actually be, an owner.

We aren't so bold as to claim that the above is the "right" investment philosophy, but it's ours, and we would be remiss if we weren't clear in the approach we have taken and will continue to take." (footnote)"

https://media.corporate-ir.net/media_files/irol/97/97664/reports/Shareholderletter97.pdf

The playbook of Chasing Perfection starts with three key foundational plays – Stay Humble, Design Metrics, and Correction of Errors. Chasing Perfection is the continuous pursuit of learning, customer and operational excellence, and the relentless pursuit of reducing friction and improving efficiency.

Chasing Perfection: Play 1 - Stay Humble

Humility is the cornerstone of operational excellence and the relentless pursuit of perfection. Often overlooked, humility is typically missing in companies that fall into the success trap. This trap leads executives and organizations to become complacent, resting on their laurels rather than pushing the boundaries of innovation and improvement.

Humility cultivates a mindset that acknowledges, regardless of past or present successes, there is always room for improvement. This mindset is crucial because it prevents individuals and organizations from becoming complacent. By fostering a culture of continuous learning and development, humility acts as the bedrock for sustainable growth. As Satya Nadella exemplified at Microsoft, shifting from a "know-it-all" to a "learn-it-all" culture, humility encourages curiosity, open-mindedness, and a relentless pursuit of knowledge—all essential traits in the journey toward operational excellence.

Humility fosters resourcefulness, frugality, and stewardship. Leaders who embody humility recognize the intrinsic value of every customer, resource, and team member. They understand that nothing should be taken for granted, leading to thoughtful, deliberate use of resources that maximizes value while minimizing waste.

In the pursuit of operational excellence, humility allows for a realistic assessment of both strengths and weaknesses. It drives a continuous feedback loop where successes are celebrated, but shortcomings are scrutinized for opportunities to improve. This environment not only fosters innovation but also creates a safe space where experimentation and learning from failure are not only accepted but encouraged. Thus, humility is not just a trait but a catalyst for creating a culture of excellence. It transforms the relentless pursuit of perfection from an unattainable ideal into a commitment to ongoing growth and betterment. By adopting a humble approach, organizations remain dynamic, continuously evolving, and ever-improving—building a resilient foundation for long-term success.

We will design the right notions and practices to bring practices which will create humility and benefit operational excellence. Examples might include a "Voice of the Customer" (VOC) and "Correction of Error" (COE) programs.

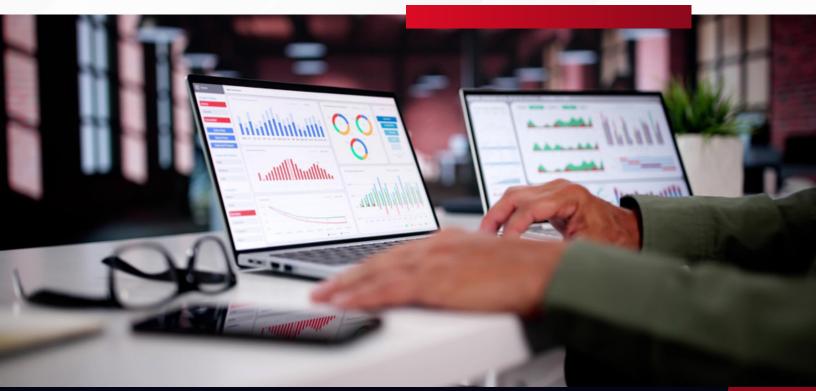


Chasing Perfection: Play 2 - Design of Metrics

The design and use of metrics are pivotal in the pursuit of operational excellence and the relentless pursuit of perfection. The adage "In God We Trust—All Others Must Bring Data" captures the essence of data-driven improvements. Metrics are not merely numbers; they are the critical signposts that guide organizations, providing clear, objective indicators of performance, friction points, and opportunities for improvement.

The thoughtful design of metrics is essential to ensure they accurately reflect the aspects of performance that truly matter. It's not about tracking data for data's sake; it's about selecting and designing the right metrics that align with customers and operations. Well-crafted metrics offer a holistic view of operations, encompassing quality, efficiency, customer satisfaction, and beyond. They illuminate where the organization excels and where it falls short, thereby creating a roadmap for continuous improvement.

However, the power of metrics lies not just in their design but in their effective use. Metrics must be more than just tracked; they must be rigorously analyzed and acted upon. We must explore the root cause of an issue before a true fix can be offered.



Metrics act as a catalyst for action, prompting timely interventions when standards are not met and reinforcing positive behaviors when targets are achieved. In this way, metrics become the driving force behind improvement initiatives. They highlight inefficiencies, gaps in service, and areas of excessive cost, providing actionable insights that empower organizations to address and resolve these issues promptly.

Metrics play a crucial role in fostering a culture of accountability and transparency. This is humility. When everyone in the organization understands what success looks like and how it is measured, it supports a shared commitment to excellence. This clarity empowers teams to take ownership of their performance, focus on results, and engage in a continuous loop of feedback and enhancement.

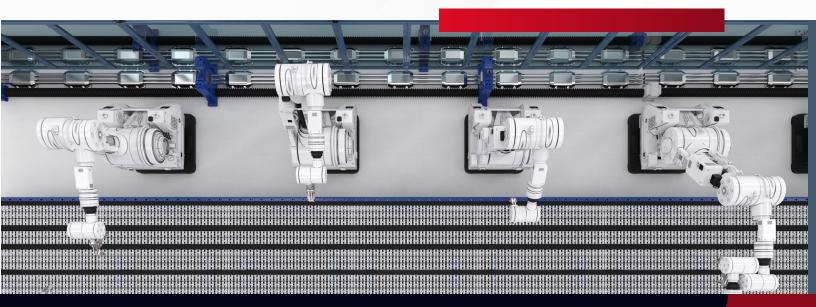
We will work on how to design and use metrics in your business to drive results, insights, and culture in a way you have never done.



Play 3: Design the Machine That Makes the Machine

Chasing Perfection is not a destination; it's a discipline—a relentless, iterative journey of refinement and learning. In this section, we explore the championship habits and systems that empower organizations to move beyond mediocrity, consistently delivering exceptional results while embracing continuous improvement. The journey starts with humility, as captured in the first play, Stay Humble. Humility opens the door to candid reflection, allowing teams to confront performance gaps and uncover opportunities for growth. It builds momentum with metrics, detailed in the second play, Design of Metrics. Effective metrics transform ambition into actionable insight, enabling accountability and progress with clarity. These are the foundation for systematically pushing the boundaries of what's possible.

Humility and metrics are foundational, but they are not enough. True excellence requires a deliberate design of how work happens, seamlessly integrated with technology that automates tasks, generates insights, and applies AI. This infrastructure—what we call "the machine that makes the machine"—is the engine that transforms loosely defined processes into scalable, repeatable, efficient and precise actions. It's not just about getting things done; it's about doing them better, faster, and smarter. This is the essence of the third play, *Design the Machine That Makes the Machine*, where excellence transitions from aspiration to reality.



Organizations often falter because they focus too much on hustling and highly-variable approaches, versus a designed and consistent system creating the result. This lack of definition and investment in the design of how an organization functions leads to inefficiency, inconsistency, brittleness, poor alignment of accountability and an inability to adapt to new challenges. To create excellence, you must prioritize the designing and digitizing the infrastructure: the work design and technology enablement that power the business.

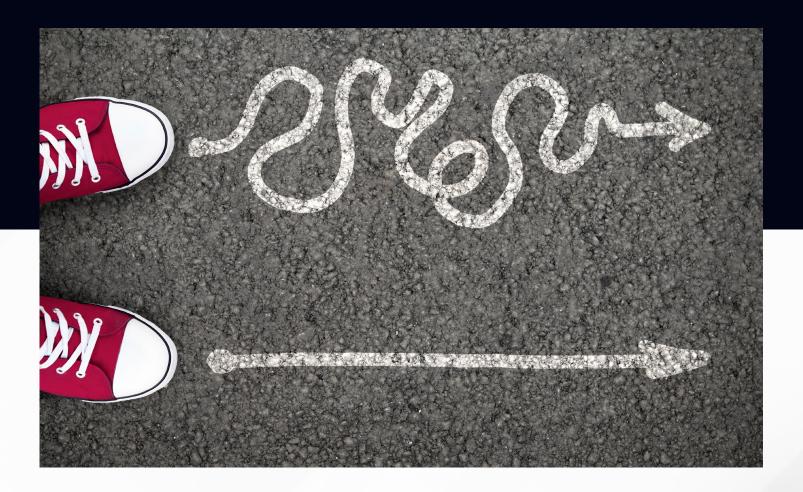
This play outlines how Chasing Perfection is manifested through two critical concepts: work design and technology enablement. Together, they ensure that your pursuit of perfection is not an abstract ideal but a tangible and repeatable process.



Key Concept #1: Work Design – The Blueprint for Excellence

I'm an Industrial Engineer by education. Core to this discipline is designing and refinement of efficient flow, procedures, inputs and outputs at every level – process, functions making up the process, and steps making up the functions.

Work design is the deliberate process of defining the required outcomes and constraints, then structuring activities, workflows, jobs and decision-making frameworks to achieve these outcomes efficiently and effectively. It's not just about defining what needs to be done; it's about designing what needs to be done, and how it is accomplished – person, machine, digital agent or algorithm.



Key Concept #2: Technology Enablement – Digitizing the Machine with Technology & Al

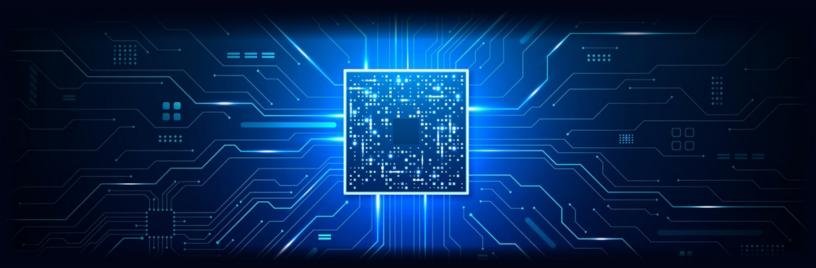
While work design establishes the foundation, technology enablement provides the tools to scale it and digital exhaust needed to measure it and create a digital twin (a digital simulation of the work). Technology allows organizations to execute complex workflows at scale, gather insights in realtime, and respond to change faster than ever.

Digitizing Core Processes

Digitization transforms manual workflows into streamlined, automated systems. This not only increases efficiency but also reduces variability and error. Take the example of Starbucks, which developed its Mobile Order & Pay system to digitize the order fulfillment process. By integrating ordering, payment, and real-time inventory management, Starbucks revolutionized customer convenience while improving operational efficiency.

Enabling Data-Driven Decision-Making

In today's hyper-digital era, data is the fuel that powers the machine. Leaders must invest in technologies that collect, analyze, and visualize data to support informed decision-making. For example, Netflix's recommendation engine relies on sophisticated algorithms to analyze user behavior and deliver personalized content suggestions, driving both customer satisfaction and engagement.



Integrating AI and Automation

As artificial intelligence and automation technologies advance, they provide unprecedented opportunities to enhance the machine that makes the machine. Al can optimize supply chains, personalize customer experiences, and predict future trends. Automation, meanwhile, reduces the burden of repetitive tasks, freeing up human talent for more strategic work.

This requires data collection across the enterprise and beyond. Data is the fuel required to apply AI and automation.



A Framework for Action – Designing Your Machine That Makes The Machine

Building the machine is not an overnight endeavor—it requires vision, discipline, investment and relentless iteration. Leaders can use the following framework to guide their efforts:

Define the Desired Outcomes

Begin with the end in mind. What outcomes do you want the machine to deliver? Whether it's faster time-to-market, lower costs, or improved customer satisfaction, your goals will shape your work design and technology choices.

Prioritize Focus

Evaluate your existing processes and technologies. Where are the bottlenecks? What processes and functions either impact the customer experience or operational cost and efficiency the most? These represent the prioritized focus areas.

"Step one should be to question the requirements," he says. "Make them less wrong and dumb, because all requirements are somewhat wrong and dumb. And then delete, delete, delete."

Isaacson, Walter. Elon Musk (p. 272). Simon & Schuster. Kindle Edition.



Design for Scalability

Create flow charts, metrics, and written definitions for functions and tasks within the focus area. Faster, cheaper and higher quality is always a better result. Focus on simplifying workflows, standardizing best practices, and integrating scalable technologies. Apply Zero Based Design principles to completely rethink the requirements, approaches and steps. Delete, delete, delete!

Design for Automation and AI

Only after the work is designed, evaluate how automation and AI can be appropriately applied. Find fast and effective ways to evaluate the potential.

Test, Refine and Iterate

Build feedback loops and metrics into every aspect of your machine. Pilot and simulate improved workflows early. Use data to measure performance and make iterative improvements. Set new targets for unit costs, efficiency, cycle time and quality. "Musk bucked this trend, largely because he wanted to have tight control of the manufacturing process. He believed that designing the factory to build a car, "the machine that builds the machine," was as important as designing the car itself. Tesla's design-manufacturing feedback loop gave it a competitive advantage, allowing it to innovate on a daily basis. Oracle founder

Larry Ellison joined only two corporate boards, Apple and Tesla, and he became close friends with Jobs and Musk...What set them apart is that Musk, unlike Jobs, applied that obsession not just to the design of a product but also to the underlying science, engineering, and manufacturing. "Steve just had to get the conception and software right, but the manufacturing was outsourced," Ellison says. "Elon took on the manufacturing, the materials, the huge factories." Jobs loved to walk through Apple's design studio on a daily basis, but he never visited his factories in China. Musk, in contrast, spent more time walking assembly lines than he did walking around the design studio. "The brain strain of designing the car is tiny compared to the brain strain of designing the factory," he says."

Isaacson, Walter. Elon Musk (pp. 218-219). Simon & Schuster. Kindle Edition.

Designing the machine that makes the machine is about creating an infrastructure that thrives on consistency, scalability, and continuous improvement. It's about shifting from ad-hoc heroics to a well-engineered approach where excellence is built into the fabric of every process and interaction. By investing in both work design and technology enablement, organizations can move beyond merely chasing perfection to embodying it—turning operational excellence into their competitive advantage, not through luck, but through deliberate, thoughtful design. This is the true path to building enduring success, one play at a time.

Section Three: Taking Big Bets

To sustain growth and maintain a competitive edge, organizations must focus on more than just incremental improvements and operational excellence. High-potential innovations, transformative initiatives, new business models, strategic acquisitions, AI-driven strategies, infrastructure investments, and bold moves exemplify the **Big Bets** necessary for enduring success.

These calculated risks, driven by strategy, data, intuition, and experimentation, are crucial for staying ahead of disruption, fostering a longterm ownership mindset, and ensuring opportunities for future generations of employees. This approach not only secures year-over-year wins but also positions the organization for continuous growth and adaptability.

In <u>Big Bet Leadership: Your Transformation Playbook for Winning in the</u> <u>Hyper-Digital Era</u>, my co-author Kevin McCaffrey and I outline the specific thinking, environment, and management needed to succeed at highambition, high-risk strategies and plans – these are Big Bets.

Big Bets represent a strategic approach where organizations commit to highambition innovations, transformations, and growth initiatives, leveraging disruptive technologies to achieve transformative impact. These initiatives go beyond incremental improvements, aiming to radically shift the organization's trajectory and market position.

There are five key plays to be a champion and run a **Big Bets** playbook.



Taking Big Bets: Play 1 - Establish the Three Habits

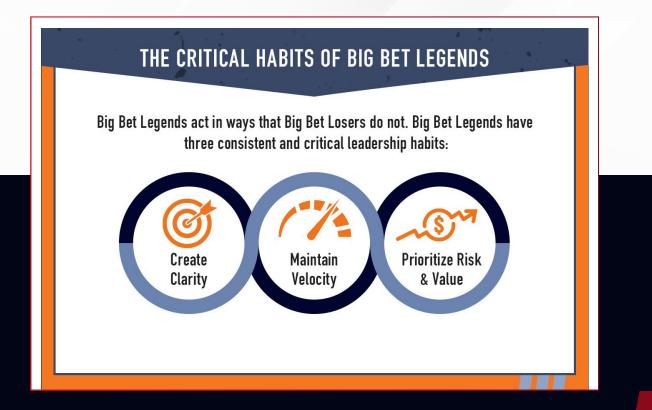
There are three critical habits of Big Bet Legends such as Jeff Bezos, Elon Musk, John Legere, and Satya Nadella. These habits are the essential leadership skills to navigate high-stakes transformations and innovations.

First, they create clarity by deeply understanding customer needs, clearly defining vision and use cases, and identifying sources of ambiguity and risk. This clarity ensures that every team member is aligned and focused on the same goals.

Second, they maintain velocity by fostering a culture that prioritizes speed and rapid learning over bureaucracy, ensuring swift progress and adaptability in the face of challenges.

Third, they prioritize risk and value, concentrating efforts on high-risk, highreward elements and avoiding distractions. This habit ensures that highimpact experimentation is prioritized before major commitments are made.

These three habits enable Big Bet leaders to steer their organizations toward successful transformative outcomes.



Taking Big Bets: Play 2 -- Establish a Portfolio

Establishing a portfolio of high-ambition, potential, and competing concepts is a key discipline in establishing Big Bets, enabling leaders to explore a diverse range of strategic opportunities and assess their potential impact on the business and feasibility.

This practice reduces the risk of becoming overly reliant on a single idea or approach. A portfolio of Big Bets at various stages of development provides a balanced view of short-term and long-term initiatives, allowing the organization to pivot quickly if necessary. This diversity also helps in identifying the most promising opportunities that align with the company's strengths and market needs, fostering a culture of innovation and resilience.

By continuously testing and refining these concepts, leaders can prioritize resources toward the most viable and impactful bets, ensuring a sustained pipeline of transformative initiatives. This disciplined approach, as emphasized in Big Bet Leadership, is crucial for maintaining clarity and velocity while prioritizing risk and value in the organization's strategic planning.

This was the core of the systematic pipeline for innovation and new business incubation at T-Mobile, designed when I served as Senior Innovation Advisor.



Taking Big Bets: Play 3-- Reinvention and Al

Reinvention of value propositions and high-value use cases through the lens of artificial intelligence and other disruptive technologies is a cornerstone of building a championship-level systematic innovation playbook. These elements challenge the status quo, pushing organizations beyond conventional boundaries and into the realm of what's truly possible.

By redefining value propositions, businesses embrace an "art of the possible" mindset, essential for breaking free from traditional constraints. This approach compels leaders to explore bold, innovative avenues, tapping into opportunities that defy existing business models yet hold the potential for transformative growth.

When AI and other disruptive technologies are woven into this framework, they amplify and extend the potential of these reimagined value propositions. These technologies are not just enablers; they are catalysts for capabilities that were previously out of reach. By dismantling existing barriers and unlocking new avenues for value creation, disruptive technologies pave the way to untapped markets, customer segments, and operational efficiencies.

A systematic focus on reinventing value propositions through disruptive technologies equips organizations with a dynamic playbook for continuous reinvention. Rather than merely responding to market shifts, these organizations become the architects of their future, leading their industries with strategic foresight and adaptability. This is the hallmark of championship-level leadership—where innovation, agility, and visionary thinking converge to drive enduring success. Listen to this conversation with the authors of Big Bet Leadership – Kevin McCaffrey and John Rossman





https://bit.ly/GeekWire-BigBets



Taking Big Bets: Play 4 - Experimentation

A core tenet of making Big Bets involves fostering a culture and techniques of testing the few critical "things that must be true", iterating rapidly, and evaluation. Coupling this with a disciplined investment approach designed to neither starve nor flood a seedling business is the basis for management. This approach is crucial to wisely explore a wide range of possibilities without committing excessive resources upfront. By doing so, leaders can identify and nurture the most promising ideas, while minimizing the risk associated with scaling less viable ones.

High Return on Experimentation (ROE) management practices play a pivotal role in this experimental framework. By focusing on maximizing the impact of each initiative relative to the effort invested, organizations ensure that resources are allocated efficiently and effectively. This approach not only accelerates innovation but also instills a fundamental belief in the value of experimentation. It encourages teams to pursue ambitious projects with confidence, knowing that even failures are valuable learning experiences that contribute to overall progress.

Strategic patience with tactical impatience is the nuanced and difficult balance to achieve. Exploration and experimentation is the basis for capitalizing on the high-potential while minimizing the inherent risks of transformative concepts.

The mission of Big Bet Leadership is to guide leaders in mitigating the risks while maintaining or increasing their ambition and upside potential. This is fundamentally accomplished by testing, validating, learning, and adjusting as early, quickly, and cheaply as possible.

Taking Big Bets: Play 5 -- Calculated Risks

Big Bets require calculated risks and a willingness for bold moves. These aren't just high-stakes gambles; they are strategic decisions rooted in deep analysis, experimentation and foresight. Leaders who excel at Big Bets recognize that stepping out of their comfort zones is not an option but a necessity. It's about making decisions that could fundamentally alter the trajectory of the company, and this demands courage, insight, and a keen sense of timing.

Bold moves are not reckless—they are the product of careful consideration of all possible outcomes and a steadfast commitment to the organization's vision. Then acting decisively when the timing or opportunity presents itself.



Boldness must be matched with prudence. As highlighted in Big Bet Leadership, the art of making Big Bets lies in meticulously assessing the potential risks and rewards. Leaders must prioritize initiatives that promise high-impact results while fully preparing to pivot or abandon paths that don't meet expectations. The focus is always on value creation, ensuring that every decision drives substantial progress toward the company's goals. This balanced approach of prioritizing risk and value is what distinguishes effective Big Bet leaders from the rest—they're not just making bets; they're making informed decisions that propel their organizations forward in significant ways.

Investing the resources and management attention to these calculated risks is a hard discipline to establish.

By integrating these foundations, organizations can effectively harness the power of Big Bets to drive significant and sustainable growth, keeping them ahead of market disruptions and fostering a culture of thinking big.

Is the Playbook of Champions for You?

The **Playbook of Champions** is not for every company or every leader. Striving to be "good" or "average" might be enough. For many companies, teams and leaders, having this lower ambition is appropriate. This is okay, but it's not who I work with.

The choice to pursue championships is a deliberate and important choice.

This is the hard path, filled with calculated risks, difficult and endless work, and setting priorities many may not understand. You do not win right away, and championships cannot be guaranteed. But if the choice you make is to have your business, team and career defined by championships, then the **Playbook of Champions** puts you in position to compete for them.





How We Work, Together

My goal and my mission is this – to coach you to develop the leader, the business, and the innovation that is within you and your team. I will challenge you, your thinking, your priorities, your work style, and your beliefs, and give you concrete alternatives, examples, and steps, all aligned with the **Playbook of Champions.**

We offer:

- High-impact <u>keynote speeches</u> For leadership teams, company events, and industry gatherings.
- ♦ Multi-day *workshops & training* To train and jump-start your progress.
- Advisory and Coaching Services Independent critical thinking and executive coaching.

Rossman Partners is a management advisory firm guiding our clients on solving wicked problems and winning at big bets. We are invested in your success. We aim to deliver our clients a unique "power-to-weight" ratio (P/W Ratio). "Power" is the ambitious competitive differentiation, speed, and lasting impact. "Weight" is the expense, effort, and risk in attaining these results.

We believe our P/W Ratio is, at a minimum, 10x legacy management consulting. Our focus on complex and valuable problems, aligning our compensation with outcomes, and our innovative delivery approaches combine for a true partnership, independent thinking, and advice.

Faster, with More Impact, with Less Expense and Risk.

Our expertise is integrated across all the levers of strategy, technology, change management, communications, and business. Read more about our services and schedule a meeting <u>HERE</u>.

It all starts with a conversation.

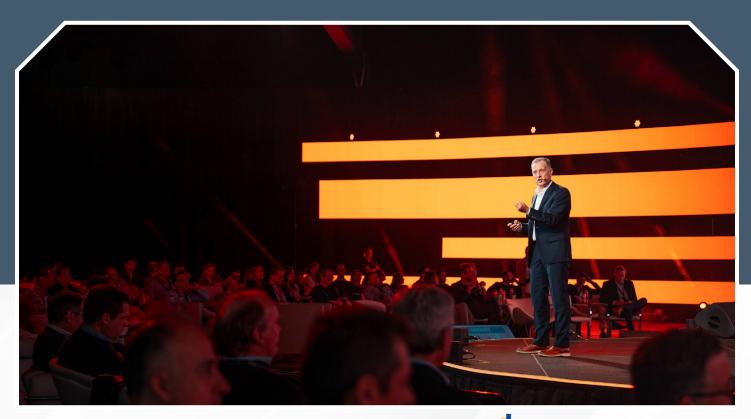
Connect with me today.

Email: john@rossmanpartners.com. I answer every email.

Onward! John

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Keynotes to Inspire and Develop Leadership and Culture























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No More Lipstick

Past success can easily become a trap. Achievements, while worth celebrating, often lead to complacency—a state where companies avoid risks, prioritize short-term gains, and cling to outdated practices. This is the Success Trap. Instead of pushing for real growth and innovation, leaders fall into the habit of defending their current position, merely applying lipstick to the pig—masking real problems with superficial changes.

This is a familiar story. Many great and vital companies, such as Starbucks, Oracle, Boeing, Nike, Disney, and General Electric, have fallen into this trap. The question for today's business leaders is clear: How can you avoid this fate and break free from the Success Trap to reclaim the energy and vision that once propelled your company forward?

At this critical point, leaders need more than just advice; they need an advisor who has been there before.

I hope you choose to reclaim your prior entrepreneurial nature, high standards, and intensity—and with it, your business and culture.

I'll help you transform from being a captive in your circumstances to leading a team preparing for a championship. Together, we'll break free from mediocrity and set your business on the path to future championships.

No more lipstick.

My Story

My dad worked for the State of Oregon highway division. Money was always tight, and I was seen as the problem child—overweight and underachieving, with low expectations from everyone, including myself. My 8th-grade class voted me "most likely to be a truck driver."

In high school, I began to see my potential and refused to accept those limitations. The teachers and coaches at Jesuit High School in Beaverton, Oregon expected excellence and pushed me to aim higher. This ignited a drive that carried me through my studies in Industrial Engineering at Oregon State University and into a career where I learned tough lessons about leadership and accountability as a young partner at Arthur Andersen and as an executive at a Dot Com era technology bust.

In 2001, a former Arthur Andersen colleague, who was then a finance leader at Amazon, called me. "John, we should talk." I joined Amazon to play a key role in the launch of the Marketplace business. It was a fascinating time at Amazon as we crafted the leadership principles and built the first of several platform business models. My time at Amazon sharpened my critical thinking, operations, and leadership of high-performance teams.

In late 2005, a small turnaround firm called Alvarez & Marsal recruited me from Amazon. For twelve great years, I was a partner at A&M tackling hard problems for my clients and building a high-performance team. I participated in many turnarounds, restructuring situations, and project rescues. We acted like operators and business owners, not consultants.

I would often leverage Amazon techniques and perspectives. A client suggested I should write a book. In 2014, I released The Amazon Way. I didn't realize the impact this book would have on others.

I founded Rossman Partners in 2018, serving as a Senior Technology Advisor at the Gates Foundation and Senior Innovation Advisor at T-Mobile among several notable assignments. I work with several startups and midsized companies such as Vxtra Health, Modjoul, and Decisiv. These CEOs are clients and friends. I'm a shareholder in their businesses.

I continue to think that Amazon is the most interesting company of our era. Why? They have a defined culture of high expectations; they are world-class operators; they have a portfolio of Big Bets. They are playing for the long term, not short-term optimization. I continue to be a student and monitor their moves closely.

I'm happy to share the rest of my story when we talk—the high points, the many low points, my goals, and my regrets. If you really want me to open up, ask me about my family, water polo, and my French Bulldog, Bossman Rossman.

I am lucky to be in this position. I do not take these opportunities for granted and will treat your business with the highest professional care. "The greater danger for most of us lies not in setting our aim too high and falling short, but in setting our aim too low and achieving the mark" – **Michelangelo**



FREE Is a Very Good Price!

This iconic 1970's slogan from Portland area retailer Tom Peterson made an impression on me. Yes, free is a very good price. Here are several free resources and tools. New FREE resources are in development. Be sure to sign up for my newsletter and you will be notified when they are released.

The Digital Leader Newsletter

The Amazon Way Leadership Poster

Free Chapters from Think Like Amazon

Big Bet Leadership Journal

Big Bet Leadership GPT

Big Bet Leadership GPT Prompts

McCaffrey and Rossman Video

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