



## What We can Learn from the Best Managed Companies

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I have been carrying around the WSJ's article on the 250 Best Managed Companies for three months. The WSJ is my daily channel for new thinking – some days are better than others. At any rate, November 22, 2019, was a good day! I have shared this with many clients and want to share it with you as well.

The Management Top 250 ranking was developed the Drucker Institute and is based on a holistic measure of corporate effectiveness, "doing the right things well." A little background: development of the model started in 2014 and there are "34 indicators that fall into five dimensions of corporate performance. No one dimension of corporate performance was judged to be more important than any other. That said, in calculating scores, statistical software assigned a different weight for each dimension based on the degree to which it was found to contribute to overall corporate effectiveness."

Those factors and weights were:

- Customer Satisfaction – 15%
- Employee Engagement and Development – 20%
- Innovation – 22%
- Social Responsibilities – 22%
- Financial Strength – 21%

Ok, so now, why is this so interesting? Well... as you may have noticed, we have been spending a lot time on Culture and the importance of Employee

Engagement and Development. Labor is a constraint as an industry challenge and those companies who believe in their “people,” worthy of investment and development, are winning.

Highly engaged people (and training them) leads to innovations, which leads to competitive advantages. This is a huge opportunity for a company <\$200 million to compete against the big guys! Not enough of my clients are leaving “margin” in their employees’ time for true creative time and improvements. Read *Alive at Work: The Neuroscience of Helping People Love What They Do* if you want some great tips.

Lastly... Purpose has moved into “Social Responsibility.” People (employees and customers) want to know you care about more than yourself...not just that your employees have a job (customers don’t really care, if you are not the best choice). They want you to stand for something “bigger,” make an impact. This is very important in order to retain the current workforce and critical to attract the workforce of the future!

At the end of the day, customer satisfaction and financial strength are expected; it is what you do with the “Messy Middle” that is the true Strategic Advantage!