# FOCJS 4C GUIDE

# HUMAN FLOURISHING AND BUSINESS SUCCESS



# INTRODUCTION

Business success is a rather difficult topic to discuss because its definition and meaning is shaped by personal, organizational, and cultural factors.

- Personal factors include desire for lifestyle, income, passion, innovation, and more.
- Organizational factors include owner/shareholder return, cash flow, market share, profit margin, sustainability, and others.
- Cultural factors include multiple items such as status, influence, respect, and reputation.

Success in business, especially in privately held businesses, has many variations. No matter how you define business success, I think it's a given that business owners, executives, and managers want more. I support that goal.

Explore how a focus on character, culture, customers, and community will build marketplace trust and leverage your business success, the Building Better Business guide is a must read!



# **BUSINESS SUCCESS**

The first issue to consider is "how do you increase your business success?" This is another difficult topic because there are so many different areas that interact to influence business success. It would be naive and elementary to propose that this guide contains the "secret system" for success; rather, this guide proposes a way of thinking and managing that leverages your current business success to a higher level.

When I teach my MBA strategy course, I use a highly integrated business simulation that involves dozens of individual management decisions that need to be made regularly for a number of specific time periods. Students must work through how each of their individual decisions impact other areas of the business as they seek to be the most successful company in the simulation. The simulation is challenging and can be quite the brain twister. But it underscores the complexity of business.

Focus4C was not designed to review the necessary business knowledge and skills required to build a successful business. There are thousands of consultants, educational programs, and authors available that teach knowledge and various skills that are important. In fact, if you're currently leading a venture, you most likely have been pursuing business knowledge and skills using one or more of these sources.

Focus4C is an educational venture focused on the "human element" of business, or the "soft side" of business that can increase or decrease the outcome of your knowledge and skills. This is the area that too many business leaders either ignore or simply pay lip service. To do either is a mistake.

Business is a "human endeavor." No matter the size and scope of your business, you are interacting with humans. Your success lies in those interactions. Focus4C promotes a simple and yet powerful model to rethink how you are conducting your business...the Building Better Business Model. Building Better Business is not designed to change your current business system but to leverage your current business system by focusing on the "REAL" profit motivator of your business. TRUST.

"Trust is the confident belief in the reliability, truth, ability, or strength of someone or something."

-Merrian Webster

# HUMAN FLOURISHING

A second issue to discuss is "how does one define business success?" Many of my undergraduate business students define business success as getting rich. My typical response is to encourage them to be as wealthy as they can BUT to understand that if "getting rich" is their only goal in life it will be a very shallow life indeed. Success in life is more multidimensional.

Business success should lead to human flourishing. This may be a strange term to use with business, but human flourishing is a desire and goal of all humans, which includes your employees, customers, and community. And because business is a human endeavor, human flourishing is an area business leaders should be concerned about. As we will discuss in this guide, enhancing human flourishing is more than just "the right thing to do." Human flourishing has a real and profound impact on business success.

There are four areas of flourishing that we can explore:

- Leadership flourishing: Includes income, time, lifestyle, family, relationships
- Employee flourishing: Includes income, work/life balance, fulfillment
- Customer flourishing: Includes perceived value, satisfaction, loyalty
- Community flourishing: Includes helping others, sharing, environmental care

When humans flourish, they engage, commit, support, and prosper. Businesses that support human flourishing leverage their business systems to greater success.

The single most important factor that leads to this leveraged success is trust. We specifically want to examine Marketplace Trust, which is the accumulation and interaction of these four identifiable levels of trust listed above.

Let's explore each of these four areas of trust in the next section.

"No society can surely be flourishing and happy of which by far the greater part of the numbers are poor and miserable. "

-Adam Smith

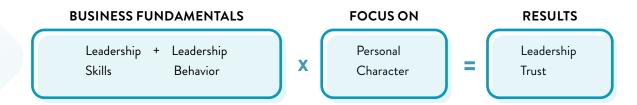
## MARKETPLACE TRUST

### LEADERSHIP TRUST

Leadership trust is critical to successfully guide and manage an organization. If employees don't trust their leaders, they question everything, they delay, they argue, they deflect, or they engage in "quiet quitting." They just don't perform at their best. Leaders that are untrustworthy never receive the best work from their employees. This trust "gap" hinders high performance.

Leadership trust is an outcome of how people (employees, customers, and community) interpret a leader's business skills and personal business behavior. Poor leadership skills and/or poor leadership behavior decreases trust in a leader. Great leaders learn how to be good in both areas. The critical focus here is on Personal Character. Personal character has a direct impact on how a leader pursues excellence in skills while carefully reflecting on the impact of their behaviors. A leader's pursuit of skills and behavior is directly impacted by their personal character.

Here is how we envision Leadership Trust.



"No one is born with good character; it's not a hereditary trait. And it isn't determined by a single noble act. Character is established by conscientious adherence to moral values, not by lofty rhetoric or good intentions. In other words, character is ethics in action."

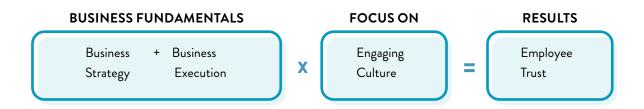
#### -Michael Josephson

### **EMPLOYEE TRUST**

Employee trust flows out of Leadership trust. Leaders must work on designing, executing, and communicating a work environment that engages employees. Business growth is accelerated or hindered by the engagement level of employees. The critical focus here is to build an Engaging Culture.

Employee trust is an outcome of how employees connect and respond to your business strategy and execution. This is more than words spoken or posters on the wall but involves how the concept of engagement is designed into the very DNA of the business. Engaged employees are more committed, innovative, and caring about their performance than non-engaged employees.

This is how we envision Employee Trust.



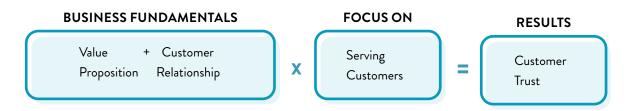
An organization working toward a culture of trust provides a clarity of purpose, empowers employees, and provides opportunities for growth.

### **CUSTOMER TRUST**

Customer trust flows out of Leadership and Employee trust. Businesses must work on designing a customer value proposition delivered with a true concern for customer relationships. These two areas can differentiate your business from your competition and promote customer loyalty leading to positive word-of-mouth promotion. The critical focus here is to be obsessed with Serving Customers.

Customer trust is an outcome of how customers interpret your business's purpose expressed through your value proposition. In today's marketplace, customers are motivated by businesses that exist for more than just profit. Customers also care about their relationships with your employees, products/services, processes, and procedures. Customers want to buy more than a product or service. They want to believe that they are doing business with a company that shares their values and serves their needs.

Here is how we envision Customer Trust.



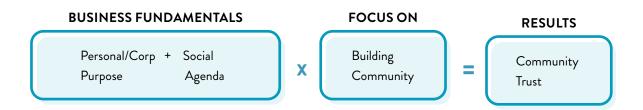
Prioritizing trust builds better relationships with those that are served by an organization.

### **COMMUNITY TRUST**

Community trust flows out of Leadership, Employee, and Customer trust. Gaining community trust circles back around to enhance leadership character, an engaging culture, and service to customers. The critical focus here is to broaden your scope from just your business and customers to include Building Community.

Community trust is an outcome of how your employees, customers, and community respond and support your personal/corporate purpose and social agenda. Care for your community strengthens your customer's commitment to your company while also strengthening your employee's engagement with your company. When employees know your business cares about building the local community, it encourages and supports them to be better representatives of your business purpose and mission.

Here is how we envision Community Trust.



An organization that values trust is a proactive and authentic partner in the community and actively works to return value to that community.

The next section of this guide will show how these four levels of trust interact to foster business success.

### **BUILDING BETTER BUSINESS MODEL**

The four levels of trust discussed earlier interact to develop Marketplace Trust. Marketplace Trust is our definition of trust that leverages the success of a business. Marketplace Trust has been shown to increase profitability because of its positive impact on employees, customers, and community.

Sustainable business models and growing profitability are not just outcomes of hard work. They are market outcomes of the interaction of leadership guided by personal character, employees working in an engaging culture, customers knowing they are being served, and an emphasis on building community. Marketplace Trust is not something you simply add to your business model. It should be a motivating goal influencing the strategy of your business model and its positive impact on growth and profitability.

The Better Business Model can be expressed in the following diagram.



Models are important as the first step to understanding how and why the thing they are modeling work; however, a model is not enough. Now that you know the impact of Marketplace Trust on the performance of your business, and the four areas of trust that influence Marketplace Trust, the next step is to begin working on building your own Marketplace Trust.

#### HOW TO BEGIN BUILDING MARKETPLACE TRUST

#### Step 1: Commit to Building the Character Traits of Your Leadership Team

By far, this is the first and most important step to begin building Marketplace Trust. Without establishing a solid understanding AND PRACTICE of character traits in your leadership team, everything else will be artificial.

Focus4C supports the use of the Better Business Bureau's (BBB's) document "<u>UncommonSense</u> <u>Framework</u>" as an excellent document listing and describing character traits that has been used in business, nonprofits, and government for the past 30 years. The UncommonSense Framework promotes 20 Character Traits that impact interpersonal trust.

Attempting to improve 20 character traits in your leadership team at one time can be overwhelming, so we believe your best approach is to focus on one character trait each week, by engaging your leadership team in reflecting, considering, and even meditating on that one character trait. A weekly focus, thoughtful reflection, and application of individual character traits will provide a common foundation in your leadership team.

To help guide and facilitate Step 1, have your entire leadership team subscribe to the free <u>Building Better</u>. <u>Business Newsletter</u>. This newsletter is sent weekly by Focus4C concentrating on one character trait at a time along with supporting commentary and actionable recommendations. With a common foundation of character traits, you can engage your leadership team in regular discussions about how leadership character impacts management decisions and execution.

#### Step 2: Begin Assessing your Marketplace Trust

Next, commit to guiding your leadership team in an assessment of how well your business is doing in building leadership, employee, customer, and community trust. There are several methods and tools that you can use to guide this assessment, but one we recommend is the BBB's Trust Score. The Trust Score can provide a quantitative baseline for improvement.

The BBB Trust Score allows for a 360-degree look at trust within your organization based on the insights and experiences of those who work there. The <u>BBB Trust Score measures</u>:

- The character of your organization's leadership
- The authentic culture of trust that is being fostered within your organization
- The way your company prioritizes relationships with customers
- The impact your organization is making in the local community

No matter what assessment process or tool you use, you want to be open to good and bad outcomes. This assessment process should also dig deep into your business to understand what is working well, and what needs improvement -- and what your business is doing (or not doing) that is impacting those trust outcomes (both positively and negatively).

#### Step 3: Identify Areas for Improvement

The purpose of the assessment step is to identify those areas in your business that need improvement. When evaluating the four areas of trust (leadership, employee, customer, and community), guide your evaluation by focusing on personal character, engaging culture, serving customers, and building community.

Using the <u>BBB's TRUST Framework</u> document is also another excellent tool that will help guide you in building trust into the DNA of your business.

#### Step 4: Create an Action Plan

Building Marketplace Trust is not a quick fix. It will take time. The good news is that you can begin now with 2-4 goals that can be achieved over the next year. Focus on improving the most important trust areas in your business first and then move on to other areas of improvement. Taking a careful and methodical approach to this step will be most appreciated by your employees.

#### Step 5: Repeat on an Annual Basis

Marketplace Trust takes time to establish but can be damaged very quickly. Make this an annual process in your company so you are constantly improving and building your Marketplace Trust.

When you feel confident about how well your business is focusing on building Marketplace Trust, you might consider being evaluated by the BBB for their annual <u>Torch Awards</u> or <u>Spark Awards</u>. The evaluation criteria for these two award and recognition programs are designed around the 4Cs of Character, Culture, Customer, and Community.

### SUPPORTING OPTIONS

Focus4C can assist you in your goal of business success and human flourishing. Here are three action steps you can take today.

1. Subscribe to the <u>Building Better Business Newsletter</u>. This weekly newsletter will be very helpful for you, your team, and all your employees.

2. Explore joining your local <u>BBB</u>. Focus4C supports the work of the BBB and is powered by the <u>Center for</u> <u>Character Ethics</u> (a nonprofit foundation of the Central Ohio Better Business Bureau).

3. Ask for help. If you believe you need help facilitating a trust building process in your business, <u>contact me</u> and we'll discuss your individual needs.



Focus4C is a community of entrepreneurs, business owners, and executives working together to Build a Better Business. In partnership with the BBB Center for Character Ethics, Focus4C



The Better Business Bureau's vision is to foster an ethical marketplace where buyers and sellers trust each other. To do so, the BBB's mission is to be the leader in advancing marketplace trust.



The Center for Character Ethics is an extension of the BBB's mission to advance marketplace trust. The Center of Character Ethics helps create a community of trustworthy business through evaluation and accreditation, education and training, and celebrating great role models.



# FOCUS 4C Character. Culture. Customers. Community.

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