



NINCOMPOOPERY

**HOW TO FIND AND KILL THE CORPORATE
STUPIDITY THAT DRIVES CUSTOMERS CRAZY**

John R. Brandt

We seem to be surrounded by NincompooperY,

the corporate stupidity that drives customers crazy, and keeps everyone—customers, employees, managers, and business owners—from getting what they want.

It's what happens every time you expect a company's service or product or process to work, but it doesn't—and nobody can seem to fix it, even though everybody knows what's wrong.

For example: Have you ever taken your car to get fixed, been inconvenienced for several hours as you waited, only to discover that the repair was done badly or not at all? Not only do you have to take the car back; you also have to wait again as the car is fixed a second time, or else drive an unsafe vehicle. You're irritated, the shop loses money, the mechanic's boss is frustrated, and the mechanic is told that he or she is a nincompoop, or at least feels like one.

But it's never the nincompoop, it's always the NincompooperY. Because if the repair shop had bothered to train and trust the mechanic on more than just technical skills—e.g., process improvement methodologies or the revenue and profit implications of his or her work—then he or she might have created an innovative way to review his or her work (a checklist, maybe?) to prevent sloppy errors and wasted time. Satisfied customers would feel more confident in their repairs, the shop would make more money, and the mechanic wouldn't look or feel like a nincompoop.

There was no “nincompoop problem.” There was a much larger NincompooperY Problem, in the way that the shop failed to understand, design, and deliver customer value in ways that satisfied customers and boosted the bottom line. Even worse, the fix to this NincompooperY Problem—just like the fixes to other Nincompooperies at companies like yours and mine—is not unknowable or impossible, but easily discernible and simple to implement. Yet in almost every occurrence of NincompooperY, nobody in the company—not the employees, managers, or senior leaders—seems capable of overcoming tradition, inertia, and apathy to make simple changes that would save money and improve customer experience (and, ultimately, revenues and profits). Instead, like most companies (and most employees and leaders), they continue to do the same irritating things, in the same irritating ways, day after day, despite knowing better.

And while this sort of NincompooperY is maddening and unfair to us as customers, it’s perhaps even more maddening and unfair to the employees put into positions where they have no choice but to be seen as nincompoops. This isn’t to absolve nincompoop employees completely (they could complain, or suggest improvements, or quit), but it does mean that when NincompooperY runs rampant, the real blockheads are the leaders and would-be leaders (i.e., you and me) who don’t put a stop to it, and who continue to squander money, time, employee devotion, and customer loyalty.

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Fortunately, there's another way. Research across more than 50,000 companies and business units finds that leaders of top-performing companies organize their cultures around three deceptively simple strategies—even as their nincompoop competitors ignore them:

- **Innovation:** Are you developing, making, and delivering new value that meets customer needs at a pace faster than the competition?
- **Talent:** Are you achieving competitive advantage by having superior systems in place to recruit, hire, develop, and retain the best talent?
- **Process:** Are you recording annual productivity and quality gains that exceed those of competitors through an organization-wide commitment to continuous improvement?

These are deceptively simple strategies for three reasons, two good and one bad:

1. These strategies are readily available to every organization, big or small, in any sector. (Good.)
2. If you and your peers are willing to think differently and work hard, the strategies aren't expensive to implement. (Even better.)
3. Most organizations are rife with Nincompoopery—which deadens the souls of their employees (including, sometimes, you or me) and leads them (us) to act like nincompoops. To wit: we get stuck in old ways of doing things; we convince ourselves that change would be impossible, because nobody could fix such a nincompoopish company anyway; or we fret that even if we tried to lead a change, none of the nincompoops to whom we report or work with would listen. We human beings are endlessly inventive in thinking of reasons why not to change ourselves, our companies, and our fates (i.e., we're really good at remaining nitwits and stuck in Nincompoopery). (Not so good.)

So let's stop our Nincompoopery, and get started on creating real customer value via Innovation, Talent, and Process.

Innovation

I have yet to meet the CEO who doesn't love Innovation. In fact, the way most senior executives talk, it's right up there with champagne, foie gras, and year-end bonuses. The problem with innovation—at least in the way most nincompoop leaders invoke it, as a prayerful but mysterious mantra—is that while everybody loves it and nods enthusiastically when they hear its name whispered seductively, most leaders have little understanding of what “innovation” actually means. They tend to think of innovation as a shiny new product or service that incorporates a major advance in technology—something like the Model T, or the iPhone. Advances like these are exciting and rearrange entire industries, but they come with an important caveat: this type of innovation is the most dangerous (and impractical, and nincompoopish) to pursue for most organizations, for three reasons.

1. Game-changing innovation is rare in the grand scheme of things. Of the 30,000 new consumer products launched each year, roughly five percent succeed. Most companies—especially the 75 percent of all US companies with less than \$1 million in annual revenues—will never be able to invest enough into research and development to deliver a revolutionary innovation based on technology, except through dumb luck.
2. Even if you're (dumbly) lucky enough to come up with a major technological innovation, your timing has to be exactly right. If your innovation is too late—after a competitor has already launched a similar technology, even if it's inferior—then you might as well not

launch at all, unless you have buckets of money to spend out-marketing the other guys. On the other hand, if your innovation is too early—before customers see a clear need and payoff in adopting a new technology—you’re in even bigger trouble.

3. No matter how much you’ve invested in developing a new technology, you should plan on spending even more to launch and market it, because business history is full of great products torpedoed by underfunded launch plans. Too many leaders embrace the ever-popular (but always-nincompoopish) Field-of-Dreams product-launch strategy: “If we build it, they will buy.” Um ... no, they won’t. In fact, they’ll stay away in droves.

What Is *Real* Innovation?

Innovation is simply doing things in new ways by having new ideas about how to do them—i.e., thinking differently. This is precisely what great leaders at great companies do in how they approach innovation: they think differently, with new ideas about innovation, driven by a deep understanding of what specific customers really value. What leaders at these organizations have learned, by the way, is that while customers love new products, services, and technologies, they often appreciate other components of customer value even more.

This is an important distinction. The traditional (i.e., outdated) way to think about customer value is that it involves something we make or do or offer—adding value to work in process, offering a product to an end-user, delivering services or information. All these activities can be components of customer value, but—by themselves—do not actually constitute customer value in its modern context.

The good news is that we now have more ways than ever to deliver the “more” in “more value”—which means you now have 4 Big Innovation Jobs:

Big Innovation Job #1 | Leverage delivery and logistics for competitive advantage. Customers have always wanted services and products to be delivered on time. But in an era when just-in-time deliveries are critical to organizations adopting lean management principles (66% of U.S. manufacturers already use Lean, and the methodology is rapidly making inroads into health-care, insurance, and other industries), precision delivery is a differentiating component of value. If a customer has only limited inventories of a key part that you provide—or needs your service to delight their customers—and you screw up a promised delivery, they’ll never forget you. But not in the way you hoped.

How do you use delivery and logistics to separate your organization from the competition?

Big Innovation Job #2 | Partner with customers by offering business expertise in creative new ways. “Total cost of ownership” (TCO) used to refer to purchase price plus annual fees and maintenance, etc. Now, however, customers conceive of it much more expansively, and include evaluations of such diverse factors as:

- How difficult is your organization to work with?
- How well do your management and information technology (IT) systems integrate with those of the customer?
- What business expertise—even if not directly related to your product or service—do you offer?

In short: Are you a good partner?

What are you doing to deepen your relationships with customers by offering expertise unrelated to your core product or service?

Big Innovation Job #3 | Incorporate data and information into your value proposition.

Creatively collecting, analyzing, and sharing data with customers offers a significant opportunity to differentiate. This can be as easy as sharing data on trends or end markets, in ways both simple and complex. A small organization might host a quarterly lunch-and-learn on the local economy, while marketers at professional services organizations—accounting, consulting, and legal firms, among others—have long understood that the way to engage customers is not via technical discussions of arcane rules related to commodity services (e.g., audits or tax preparation). Instead, they offer thought leadership and content marketing (i.e., free research and content designed to offer insights to clients while highlighting the firm’s expertise regarding specific industries or issues).

What information or new products would your customers use or buy—if you asked them?

While customers love new products, services, and technologies, they often appreciate other components of customer value even more.

Big Innovation Job #4 | Offer value or solution bundles. Just like you and me, our customers are overwhelmed by massive to-do lists—whether electronic or legal pad in nature—and desperately want partners who can make those to-dos disappear. Here’s the problem: Most of their daunting lists have a series of bundled to-dos—a series of process tasks that together (might) solve a larger problem—which require bundled solutions. Although more complex, these bundled solutions are typically more lucrative than individual products and services (customers will happily pay more to see a bundle of problems vanish).

Where can your organization create new value by cutting your customer’s to-do list in half—solving two, three, or 10 of your customer’s most irritating problems at once?

Talent

Ah, Talent: How do we love thee? Let us count the ways:

1. You, our human capital, are our most precious asset! We remind you of this all the time, in newsletters and in our CEO’s speeches, because we know you like that sort of thing. We’re sensitive that way.
2. We’ve learned that you’re a little touchy about all the nincompoop bosses we’ve assigned to you, so we’re making up for it by officially re-labeling you as “associates,” not employees. You’ll still have to salute Mr. Nincompoop, but now you can pretend that you’re his peer. Isn’t that great?

3. And... well, there are so many other ways we adore you. Like... whoa, look at the time! I know you've still got a lot to do, and you'd probably like to get back to it. Time is money, right? We've really enjoyed this little chat, though, and we should do it again soon. Raises? Oh, we can talk about that, too. Got to go!

Is it any wonder that most of our employees are dazed, distracted, and disaffected? It doesn't have to be this way. More importantly: It can't be this way, if you and your organization hope to do great things. The good news is that you, as a leader (and non-nincompoop), now only have 3 Big Talent Jobs.

Big Talent Job #1 | Hire well. In one sense, this is basic self-preservation; if you make a mistake in hiring, not only will you end up with unhappy customers, irritated co-workers, and more work on your plate (fixing nincompoop mistakes, soothing ruffled feathers, writing an unfixable nincompoop's dreaded Performance Improvement Plan), but you also have to look your Mistake in the eye, every day—and watch endless screw-ups—until you fix it. As in, helping the Mistake to find a more appropriate career path, perhaps in a Nitwit Store. But: Firing people, even Mistakes and Irredeemable Buffoons, no matter how deserving, is unpleasant work, and many leaders understandably shy away from it. In fact, if you have a modicum of decency, the idea of

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taking away someone's livelihood will cause you enormous angst, worry, doubt, and pain. This is not something to be done lightly, quickly, or egotistically (Hey, Mom, look how tough I am!).

And yet: Mistakes and Unfixable Dunderheads. They have to go.

Big Talent Job #2 | Train, train, train. Finding great talent is only the opening ante in creating new value. Great firms mold, sharpen, and improve talent with training—and not just for technical skills. It's increasingly important to train for all the other skills that create great teams and a great work environment—competencies in communications, collaboration, improvement methodologies, etc.

Big Talent Job #3 | Get the hell out of the way. If—and it's a big IF—you do the first two talent-related jobs well, then the third job is a little easier: Get lost. Because if you've:

- Hired or retained the right individuals;
- Given them the right training and skills and support and technology they need; and
- Set them up in the right decentralized management structure, with the right amount of education and authority to make decisions (i.e., lots), and then...

Your new job (since you won't be fixing Mistakes or firing Irredeemable Chuckleheads) is to be less visible day-to-day, but to have more fun. Your new role will be to have BIG new conversations with customers, think BIG new thoughts, and to imagine BIG new things for your company.

Oh, and to invest the BIG new profits you're now earning.

Process

Sad but true: There's no faster way to clear space at a cocktail party than to announce: Hey, we're doing something really interesting at work to improve our processes with [insert one: Lean, Six Sigma, Quality, ISO, Theory of Constraints].

Which is too bad, because Process is how you'll actually profit from all the time, effort, and money you've invested in Innovation and Talent.

It's not hard to understand why Process gets a bad rap. After all, Innovation is FUN!
(Who doesn't want to get paid for thinking up crazy new stuff?) Talent is even MORE FUN!
(Who doesn't want to work with smart, motivated, and kind human beings?)

But Process... the hard work of figuring out how to make your products faster, cheaper, and higher quality—or your service faster, cheaper, and less irritating ... Well, really: Process is pretty much the spinach or broccoli of the strategy world. Or Brussels sprouts. Basically, any vegetable that you don't like, but that you know contains vitamins, anti-oxidants, and fiber critical to your health and to, um, keeping things moving.

And yet: There's no faster way to improve your bottom line (and your ability to sleep at night) than to do something really interesting to improve processes at work with [insert one: Lean, Six Sigma, Quality, ISO, Theory of Constraints].

Just don't be a nincompoop and talk about it at cocktail parties.

Look at Your Company Through Your Customer's Eyes

At MPI, we use this graphic to show how processes typically fit together to create value (and profits)—from a customer's point of view.



As you can see, we believe that a company has seven fundamental processes that can deliver value to a customer.

- **Research & Development:** Imagining, innovating, and designing great new products and services that customers can't wait to buy.
- **Procurement:** Finding and sourcing all the materials, components, supplies, talent, and technology required to create great products and services.
- **Administration:** All the boring but incredibly important back-office stuff that allows for the creation of great products and services, i.e. finance, human resources, maintenance, etc.
- **Logistics:** Coordinating shipments of all the stuff you procured to the right places (your office, store, plant, etc.), and then delivering great products and services to customers, with as little stress as possible.
- **Sales & Marketing:** Making customers aware that you have great products and services, and then helping them to purchase them in ways that create new value for them.
- **Production & Performance:** Building great products and services with quality and speed.
- **Service & Support:** Staying with customers after the sale to make sure that great products and services do what they're supposed to do, and make your customers' businesses more profitable—or their lives better.

Look at the diagram and ask yourself three questions:

1. At which of these processes is our company great?
2. At which of these processes is our company okay or sort-of-okay?
3. At which of these processes is our company ridiculously terrible?

Be brutally honest in answering these questions, because even if you aren't, your customers will be—whether by telling you directly, or by quietly switching to competitors. (These silent defectors kill your bottom line: it's five to 25 times more expensive to find a new customer than to retain an unhappy one.) And no matter how bad you think you may be at one or two of these processes, console yourself with this truth: no company is great at everything. In fact, most companies are great or good at one or two of these value-creation processes; okay to sort-of-okay at three or four; and truly awful at least one or two—damaging customer value, customer retention, and profit margins.

Now you've given yourself 3 Big Process Jobs:

Big Process Job #1 | Fix or Kill. Start with what you're terrible at, because every day that you ignore these value-creation processes, you're driving customers away—and putting your company at risk. You will have to change the process; or change (i.e., improve or remove) the people managing the process; or get rid of the process altogether, by finding someone else to do it for you (i.e., outsourcing) or quitting it altogether, if you can (exiting that product or service or process).

Big Process Job #2 | Improve. Next, move on to what you're okay or only sort-of-okay at. Spend the bulk of your time on improving these activities; even if you only get marginally better, you'll stop irritating your customers quite as much, which will keep them focused on why you're so great in the first place.

Big Process Job #3 | Excel. Finally, don't forget to spend time on what you're great at. This is the reason that you have a business or job at all, and is why your customers or bosses love you. Invest at least as much time here as you do on your terrible failures, by focusing on figuring out how A) You got great at this activity in the first place, and B) how you can become even greater.

Big Process Job #1—fixing what's terrible—is, paradoxically, the easiest of the three jobs. Why? Because A) you probably already intuitively know some of what needs to be changed (e.g., Phil in accounting is an Unreachable Halfwit, and has to go); B) there's typically no disagreement between you and your bosses or partners about the fact that something has to be done, sooner rather than later; and C) your downside is extremely limited—because you're already terrible at whatever this process is. Even if your first, quick solution isn't perfect, it's still likely to be an improvement. Even more important, your effort here will demonstrate to customers that their

Demonstrate to customers that their pain matters to you, and that you are trying to be more responsive in meeting their needs.

pain matters to you, and that you are trying to be more responsive in meeting their needs—or, at least, are trying to irritate them less.

Big Process Jobs #2 and #3 are much tougher, however, and will take longer. Why? In part because you're already okay, sort-of-okay, or great at these tasks, so there's less room for improvement to begin with, and incremental gains will be that much harder to achieve. But you'll also need to move more carefully (slowly) than you did in fixing the terrible stuff, because you face tremendous risk if you screw things up during an unsuccessful improvement initiative (the last thing you want to do is transform a process that's okay, sort-of-okay, or great into something terrible, losing customers in the process). At the same time, Big Process Jobs #2 and #3 also require a level of data granularity rarely available in most small- or mid-sized companies, or even in larger ones (especially on a department-, function-, or customer-specific basis).

How do we get started?

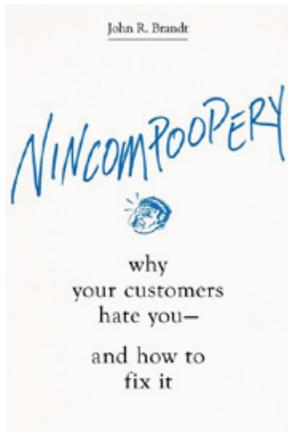
It starts with listening and humility. For the most part, Nincompoopery doesn't start with bad intentions or a perverse desire to be slipshod. But it is human nature to want to be comfortable and to fall into routines; and often, before we know it, we start finding ways to slip past our own unease at the fact that things don't work as well as they should. Or—even worse—we start ignoring or ridiculing the frustration of our customers. How many times have you heard someone say, joking or not, that their job or business would be terrific—if it weren't for their cranky, stupid customers? Newsflash: Those customers aren't stupid, but they are cranky, because not only are you screwing up, you're not listening to them even as they try to help you. A customer or complaint is a gift, because the customer is saying that he or she cares enough about you, and what you do, that he or she wants you to do it better. You've been given a chance to deepen your relationship with that customer. In fact, the clearest warning sign of Nincompoopery is when

senior leaders create a culture in which legitimate concerns or complaints, whether from customers or employees, aren't heard or tolerated. This can be due to active suppression, as leaders stifle dissent or disagreement because they see them as challenges to authority; or it can be slower and more insidious, as leaders avoid the Gemba where real work is done (the production line, a service call) and where real customers live and work (in homes or businesses).

So, go listen to the people who make your business possible. Because if your organization doesn't have a program in which every employee—from CEO or owner to frontline worker—spends at least some time with a customer at least once per year, and then reports back, you can't expect to outperform competitors, or maybe even survive. And this time can't be spent selling or attending the big game. You have to figure out how to work directly alongside the customer, in his or her workplace or home, observing how he or she operates in his or her own environment. Net promoter scores and customer satisfaction surveys are no substitute for listening to real people who buy things from you, and the employees who help them. **What are you waiting for?** 📧



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About the author

John R. Brandt, CEO and founder of The MPI Group, has devoted more than two decades to studying leadership in effective, purpose-driven organizations. An expert on how companies can adapt themselves to the realities of new markets, new corporate structures, and new customer expectations, Brandt is an accomplished management innovator and an internationally recognized expert on manufacturing and technology. Before founding The MPI Group in 2003, Brandt followed a unique career path combining two decades of experience in marketing, management, and consulting with a passion for journalism that has earned him more than twenty awards for reporting, writing, and editing. He was publisher and editor-in-chief of *IndustryWeek* (IW) magazine. Additionally, Brandt served as president, publisher, and editorial director of the Chief Executive Group, publisher of *Chief Executive*, where he transformed the magazine into one of publishing's most surprising comebacks.



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