

**100** Definitive

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# MORGANISMS

Practical Insights for  
Improving Your Leadership  
and Organizational Skills

**JAMES C. MORGAN**

## How I Discovered My MORGANISMS

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I grew up in Cayuga, Indiana, a small town of about 800 people, not far from the Illinois border. My grandfather James and my father, Russell, owned and ran a farm and vegetable canning business called Morgan & Sons Canning.

Later I gained an excellent education in engineering and an MBA from Cornell University; two years in the U.S. Army as an officer in the Army Materiel Command; and several years in high-tech business and investing. Eventually I ran a company, Applied Materials, which when I retired employed over 15,000 people in 18 countries.

Throughout my career, I often realized how my experiences in the cannery connected to other challenges and opportunities in business; many of those experiences became the basis of homilies and ideas I would talk about on the job. At some point, members of my Applied Materials team started calling them “Morganisms.”

Included here are over 100 of them, mostly adapted from my book, *Applied Wisdom: Bad News Is Good News If You Do Something About It*. I always encourage people to develop their own management toolkit — a personal collection of management tips. Perhaps mine can help shape yours. I urge everyone to do that as a habit that serves as a constant reminder that we evolve over our lifetime as managers, and there are always new ideas that can be helpful — or old ideas that suddenly apply to a situation in which we find ourselves.

Here are a few examples from my experience:

THE TIP	WHEN I FIRST LEARNED IT
<i>Court Sense</i>	Playing 5th grade basketball in Indiana
<i>Mutual Trust and Respect</i>	Working with my Dad and Grandad
<i>Make a Decision, Manage the Consequences</i>	Cornell Business School
<i>Leadership Traits and Principles</i>	US Army, Fort Bragg, N.C.
<i>Bad News is Good News</i>	Developing the culture at Applied Materials
<i>Life is a Marathon, not a Sprint</i>	I'm not sure when I first recognized this!

## SHARE

Please share this booklet with friends, family and colleagues.

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## COLLECT

Start early in your career collecting memorable phrases and insights that will guide your principles and practices as you develop as a leader. More information can be found on page 50.

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## VISIT

[AppliedWisdomforNonprofits.org](http://AppliedWisdomforNonprofits.org) to explore a wide range of print and digital resources available from James C. Morgan.

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**JAMES C. MORGAN**



Chandler Jordan Publishing



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# BOARDS

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## BOARDS AND BAD NEWS

Some chief executives use board sessions to do a lot of cheerleading and pointing to all the accomplishments they've presided over. Since the CEO serves at the pleasure of the board and by extension the company's shareholders, it's understandable that they want to remind the board of their successes. But there's a problem when a board meeting agenda is 75 percent about a discussion of good news, and then a quick run-through of issues in play or challenges that they're working on — and it does not even invite much discussion.

In my opinion, board meetings should be focused on bad news. You need to hash over what isn't working and dilemmas you hope the combined wisdom of your board and its experiences in difficult situations can contribute to helping you solve. On some boards, the CEOs carefully screen and control directors' access to operating executives. Particularly in start-ups, this can be the sign of an insecure or paranoid CEO who does not trust his or her team and is worried that a frank conversation will raise issues about the company's leadership.

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## TAKE THE BOARD WITH YOU

Our board of directors traveled overseas every few years to be sure they understood both the opportunities and risks we were undertaking. The board was able to support us in taking the risks involved as we pioneered new technology and new markets in the midst of challenging business cycles.

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## KEEP THE BOARD INFORMED

When we were developing the P5000 Single Wafer CVD reactor at Applied Materials, I authorized a spending level that we needed for the

## BOARDS

final push, even through it would cause us to lose money for the next two quarters. I advised the board in advance and cautioned Wall Street about the expected losses. The rest is history.

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### GET THE CEO'S ATTENTION

When you are on the board of a company as an investor, the only time the CEO really listens to you is when the company is struggling or needs new money.

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### SERVE ON OUTSIDE BOARDS

An outside activity that can be valuable for senior executives is serving as a director of outside boards. At Applied I spent a number of years on a very limited number of boards of major companies (never more than one at a time) including Cisco, Genentech, and Komatsu. All were interesting experiences in multiple dimensions.

I learned from being involved with different boards the importance of a board with strong functional competencies in your business and willingness to collaborate. They should be able to coach internal business and functional executives in and outside of board meetings.

Over the years, the responsibilities and liabilities of board members have changed and in some ways became more onerous. In my early years, the meetings were focused on markets, products, and people. Meetings today use a lot of time on legal, finance, government, and administration.

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### DIVERSE BOARDS PROVIDE DIVERSE PERSPECTIVES

When it comes to boards, the idea of having a diverse set of people with experiences in different industries is a good one. It's a cliché that when you're only talking with people who know exactly what you know, and whom you value because they agree with you, that you can be oblivious to major problems or opportunities that are staring you right in the face. The metaphor for this kind of situation is "an echo chamber."

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# COLLABORATION

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## GET ALL STAKEHOLDERS ENGAGED EARLY

In most challenging situations facing communities, the best way to achieve a sustainable solution is to get all stakeholders, public and private, engaged early. Avoid the temptation to invite others “on board” late in the process, when they will feel marginalized. Beware of creating a board or committee with too many observers; each stakeholder should have a role, deliverables, and a responsibility to make and manage the consequences of decisions.

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## ENSURE YOUR PARTNER’S SUCCESS

If you approach all your business relationships and collaborations with the attitude that your partner needs to be successful for you to be successful... you will be successful.

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## PAYING LIP SERVICE TO COLLABORATION

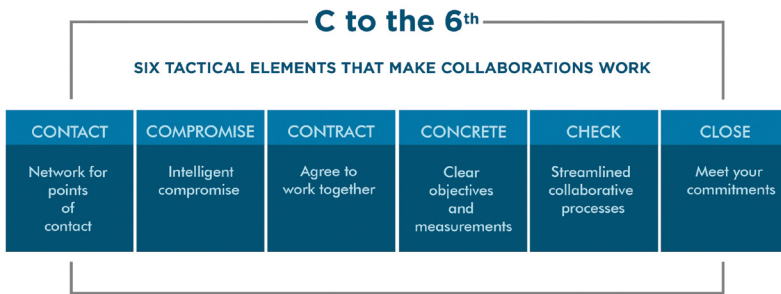
A lot of companies talk about collaboration, but it’s just lip service. Collaboration is not about scheduling a lot of meetings or forcing people to physically interact more. As I’ve explained, to be a successful collaborator, there are several guiding principles that you must embrace, including that you need to be willing to put your partners’ needs ahead of your own so that you can both succeed.

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## C TO THE 6TH

“C to the 6th” focuses on six tactical elements of collaboration that I feel are important to actually make collaborations work:

## COLLABORATION

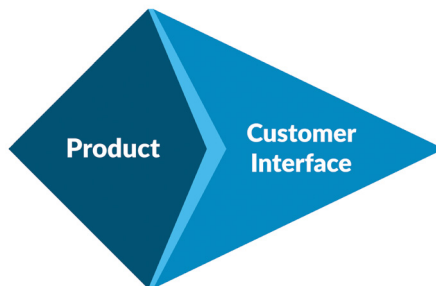


I'd draw your attention to the last three — Concrete, Check, and Close. When I advocate collaboration, I do not mean schedule a lot of meetings. Collaborating often means aligning and combining the efforts of teams that do much of their work separately and that, to be productive, must be allowed to focus on the clear, high-value deliverables needed to make a project succeed.

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### USE THE “FLYING WEDGE”

The “flying wedge” is a strategy where you use your existing successful products to drive customer relationships. Make yourself a top provider of service for those products as a competitive advantage, and then use your increasingly close relationships to your customers to give you insights as to what other products they want and need.



A “flying wedge” approach is a useful tool in many business settings. When you provide good service, you become close to customers who will be willing to share their plans and desires, helping you anticipate their future needs. This is vital in high technology, but it works in many industries.

## BRING A COLLABORATION MINDSET

It's important to bring a certain mindset to collaboration. We operated under some basic guidelines, both in setting up partnerships and in managing them. I circulated this list among my executive team members.

- Agreements must be perceived as fair by both parties. Goals should be attainable and payoffs realized.
- Long-term relationships have greater payoffs financially and in personal satisfaction than quick reward of advantage.
- I don't expect to make money before my partner makes money.
- I keep my partners apprised of both the success and failures of my efforts.
- I believe my contribution is critical, but that my partners can be successful without me.
- All business relationships require open and honest communication, teamwork, and patience.

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## IN COLLABORATIONS LOOK FOR COMPLEMENTARY STRENGTHS

Collaborations work best when each partner brings a high level of competency but also complementary strengths. In business, those strengths may be qualities like additional products, new markets, strategic thinking, operational experience, or excellent sales skills. Organizations have different kinds of resources, executives have followed different experience paths that may be valuable, and then you want to make sure the personalities can work together.

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# EMPLOYEES

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## DEVELOP A LISTENING CULTURE

At Applied Materials, our “listening culture” developed organically because of all the languages our employees spoke — a listening culture is always a valuable asset. You can have clashes between disciplines (marketing and engineering, for example) or you can have misunderstandings of agendas or motivations that prompt people to dig in and talk louder instead of struggling to be clear. As a manager, model and support calm, well-reasoned discourse — not bravado and yelling. That creates a respectful workplace.

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## CREATE ACCOUNTABILITY, NOT VICTIMS

When things aren’t going well there is a tendency for employees to personalize their anxiety and frustration and create “villains” and “victims.”

### ACCOUNTABILITY VS. VICTIMS

ACCOUNTABLE	8	Get on with it
	7	Find improvements, solutions
	6	Own it: Take responsibility
	5	Acknowledge reality - get the data
VICTIM	4	Wait and hope things get better
	3	Make personal excuses
	2	Blame Others
	1	Unaware there is a problem

The illustration above shows the difference between a corporate culture characterized by accountability, versus one characterized by a victim mentality. This is an extremely important distinction and, in my experience,

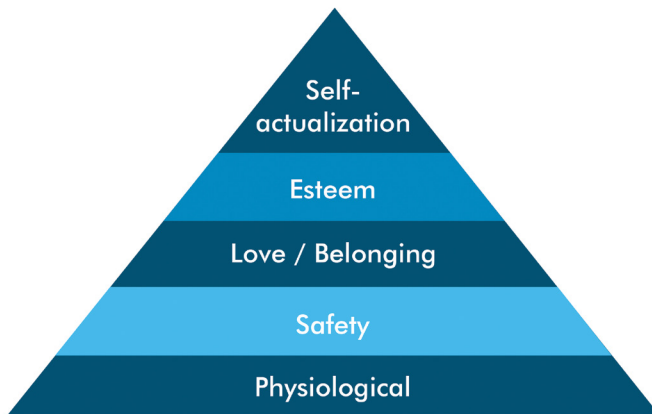
it's not simply dictated by the personalities of the people involved. Effective organizations demand that employees focus on solutions, not blame, and on raising a red flag and helping reengineer processes that aren't working. If employees feel empowered to make decisions and are supported when they report issues and try to solve the problem, you get an accountability culture.

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## ADVANCE TO SELF-ACTUALIZATION

The importance of respect is consistent with the ideas of Abraham Maslow and his pyramid of basic needs, which has parallels in managing employees effectively. Only after employees' very basic needs are met first — physiological, safety, and a sense of love and belonging — will they have the self-esteem, comfort, and confidence to advance to self-actualization, going beyond minimum expectations to develop and use higher level skills.

### ADVANCE TO SELF-ACTUALIZATION



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## COMMUNICATE THE VALUE OF TRAINING

To compensate for the interruption of their work processes, employees must perceive the value of the training they are asked to participate in, or it is counterproductive.

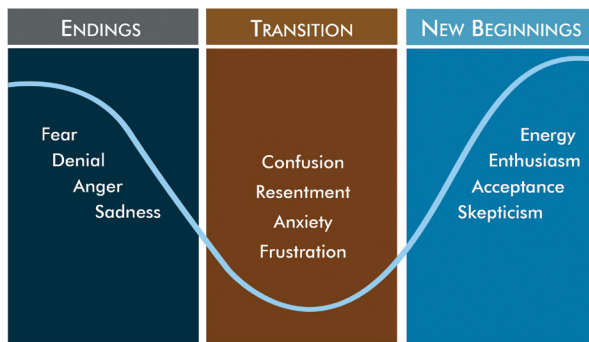
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## EMPLOYEES AND CHANGE

Remember that human beings tend to respond to significant change in predictable ways. It's similar to a grief process. At first they deny reality (“Oh, we've heard big talk before — this probably won't happen”) and then they move through shock and anger, confusion and stress. Finally, they realize change has to come but they are uncomfortable letting go of the past.

Organizational consultant William Bridges has a model of change that I use, suggesting that a good leader can anticipate these stages and, by painting a path that acknowledges the stress but provides optimism and confidence, can inspire employees to attack the new reality with enthusiasm.

### BRIDGES MODEL



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## FIRST ASSISTANT TO

It's useful to think of yourself as “first assistant to” your direct reports. You want people at every level to understand the organization's goals and objectives and make decisions that align with those goals. This will never happen if you adopt an authoritarian posture or overturn decisions in a very public way to let everybody know who's boss.

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## LOCATE MANAGERS NEAR THEIR TEAMS

Get employees physically together. Make sure executives are stationed near the teams they're managing. It's a much longer walk from their office to yours, than from your office to them.

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## HAVE A RAPPORT WITH YOUR EMPLOYEES

Listening to and interacting with people at every level of the Morgan & Sons cannery helped me throughout my life in having rapport with people, whether they were ranked well above me or they performed more entry level jobs. I have no tolerance for anyone who lords their position or power over others. Nothing can land an executive on my bad side faster than me overhearing a “Don’t you know who I am?” speech to an employee.

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## HIRE EXCELLENT PEOPLE

A culture of respect and trust begins with a commitment to hiring excellent people. Most things my team did, they did better than I could have. I spent very little time ever cleaning up after anybody or reversing dumb decisions. People who owned their work, both its successes and failures, knew that we had plenty of capacity to adjust to an honest mistake. Employees who needed babysitters or a clean-up crew, on the other hand, didn’t last.

Treating people fairly and not punishing employees when a decision doesn’t turn out perfectly, does not mean giving poor performers leeway to make mistakes over and over. Doing that, in fact, is disrespectful to your good performers who deserve to be surrounded and supported by competence and, ideally, excellence.

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## HIRING AND THE TWO NEGATIVES

In addition to the usual measures such as academic record, job experience, and recommendations, do not stop calling references and former employers of a candidate until you come across at least two negatives that you can live with. That takes asking better questions and thinking more deeply about the job you’re hiring for and the picture of the employee the reference is painting.

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## TREAT PEOPLE WITH RESPECT

Respect and trust your people. Without those values, you will never be a successful manager. A key element of respect is modeling every behavior

## EMPLOYEES

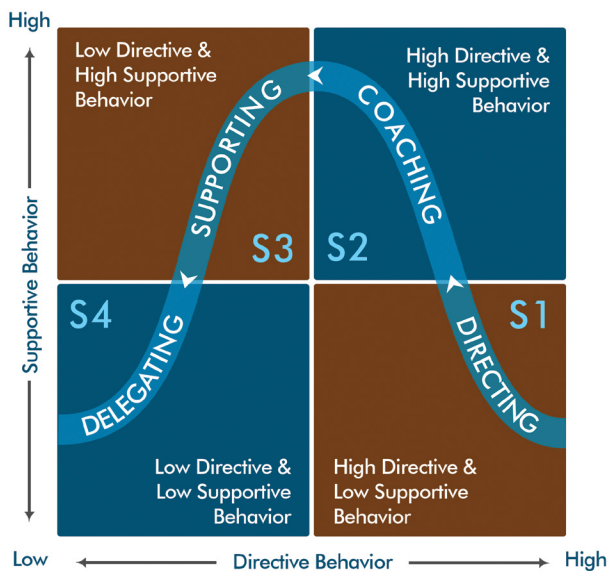
you expect in your organization. As a manager you are constantly being evaluated by your team on whether you treat people with respect and whether you walk your talk. These are crucial behaviors to becoming a successful and trusted leader. If you are disrespectful of your employees' intelligence or you disregard their humanity or dignity, they will not trust you and you will limit your potential for success.

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## SITUATIONAL LEADERSHIP

Ken Blanchard's *Situational Leadership* model is both insightful and useful. In essence, the concept refers to managing individuals using different styles, based on the objective for that person, and the person's relative maturity and commitment. The S4 leadership approach supports highly developed and mature employees, fully committed to the task. S3 supports staff who understand the challenges but need encouragement and support as the task develops. S2 leadership supports staff who are still learning and lack commitment. S1 is for staff who are committed, but lack competence and require additional training.

### SITUATIONAL LEADERSHIP



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## TALENTED, MOTIVATED PEOPLE

Talented, motivated people will always overcome technical challenges, language differences, distance, or time pressure. And nothing attracts more talented, motivated people like a critical mass of talented, motivated people. This is the foundation of an excellent organization.

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## TEAMS

You don't balance a team with "strong" and "weak" players; you insist on overall high competence, then look for complementary strengths of personality, strategic thinking, attention to detail, and other more subjective but important qualities. Beyond intelligence, education, and training, what makes a good employee in a setting that requires teamwork is how that person's personality tends to mesh with the personalities of others on the team.

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## COMPETENCE IS NOT SUFFICIENT

Competence is essential but not sufficient for success in teams. This is true at any scale, including a start-up company or a global non-profit or the executive suite of a major corporation. Certain qualities are always valued, such as intelligence and energy. However, other traits that tend to be about personality, such as the need to get credit, or introversion, or communication weaknesses, need to be balanced, or at least addressed, or the team can become dysfunctional.

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## THE "AVERAGE EMPLOYEE" GETS IT

Insulated leaders sometimes kid themselves that the "average employee" doesn't know what's going on or doesn't get the "big picture." In my experience, that is not the case. The key is to listen respectfully so employees feel comfortable telling you what's going on. Then, you can form an effective partnership and build something you're all proud of.

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## THE RULE OF THREE FOR HIRING

One of my tips for successful hiring is what I call the “Rule of Three.” It should be a priority for every employee: always develop and keep a personal list of at least three people who would be a good fit to work within your organization. Being reminded to do that made people more alert when they were in meetings or even social situations in the community or when on the road. (There’s a separate rule of three for planning — you’ll find it in the “Planning” section of this document.)

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## WHO’S GOT THE MONKEY?

Insist that the employee closest to a problem, for example, a sales representative who has an unhappy customer, or a warehouse manager with a flawed parts control system, has the personal responsibility to solve the problem. The individual can seek assistance from above but cannot transfer the responsibility up the chain. If you make a habit of escalating issues to the top, it will discourage employees from making good decisions at the lower levels. I would always ask: “Who’s got the monkey?”

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## WORK FOR THE BEST MANAGERS YOU CAN

Nothing beats working for excellent, principled managers. It’s one of the most valuable experiences a young, ambitious person can have. If you convey a sincere desire to learn and improve your skills, a good manager will be glad to help you do that.

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# GENERAL BUSINESS ADVICE

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## ACHIEVING GOALS DOESN'T MAKE THINGS EASIER

It's human nature to aim for a goal and then assume when you get there life will be easier. In business, people have a tendency to think that if they just reach some magic size or hit a particular milestone, they not only will achieve success but it will become easier to be successful. This is not true in business or in much of life, for that matter. Variables are always shifting. The macroeconomic context changes, new technologies and other dynamics disrupt existing patterns and strategies, wars break out, a competitor stumbles, disasters affect commodity prices — all kinds of things happen that can help you or hurt you. There are very few industries where managers can push the “autopilot” button and lean back and take a nap.

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## BOUGHT RIGHT, HALF SOLD

The essence of all successful business is selling a product or service for a profit. A smart and successful businessman once told me, “Bought right, half sold.”

What he meant was, if you buy your raw materials for a low enough price, if you buy real estate at a low enough price, if you buy stocks low enough, you've done half the work of making a profit. I take it as a reminder to be careful getting entranced with some fancy, clever aspect of a stock or a deal or creating a proposition where your costs are high and your success hangs on a complex set of future conditions. This man's business was about making a decision day in and day out about whether he was paying a low-enough price for steel so that he could reasonably resell it for a profit. It was a good reminder to keep things simple.

For nonprofits this means maintaining a focus on delivering products and services in an efficient and cost-effective manner.

## BRILLIANT IDEAS

Brilliant ideas do not translate to brilliant companies unless you manage all the less flashy elements — including selecting people, meeting schedules, process management, manufacturing issues, quality control, and negotiating contracts.

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## CUSTOMER SERVICE

At Applied Materials, our global service commitment became one of the most important factors in our success. Our service teams knew that if they got a call about a problem, they were authorized to do whatever it took to help our customer immediately. It was not unusual for us, if there was not the critical technical specialist nearby, to have somebody on a plane to a customer's location anywhere in the world within a few hours of hearing that the customer needed help from us to get back on track. We realized that our customers relied on us as a vital link in a chain. When you take the customer's issues and pressures as seriously as you take your own, you will have a long and productive relationship.

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## START WITH YOUR CONCLUSIONS

When you're trying to communicate something important to a group, begin by stating your conclusions and recommendations. Then get into the whys and the supporting data. People will focus better if you help them connect your ideas and data to your conclusion from the very beginning.

This is true also for presentations. Start the first slide with conclusions and recommendations. Particularly with technical or complicated subject matter, a long presentation where listeners don't know where you're going often becomes tedious and confusing.

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## MAKE DECISIONS AT MEETINGS

Make sure no one leaves a meeting without making decisions on every recommendation. If there's concern or confusion, schedule an early breakfast the next day and hash over the problems until everyone feels

sufficiently clear on the issues to vote. Don't allow the project to get swamped in dithering or internal politics, insist on a yes or a no.

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## STAND-UP MEETINGS

Stand-up meetings are very effective at cutting to the chase. People can't hunker down in their seat or their positions, and they're not conducive to long, windy speeches.

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## MOMENTUM

In basketball, if you have an open shot, you don't stand there for ten seconds analyzing the physics — you take the shot. But you don't assume it will always go in; you optimize the outcome by immediately moving into a position to get your own rebound in case you miss.

At Applied, we developed some ways of talking about this that empowered our people to keep moving forward at all times, even when it was difficult to predict what the competition would do, or where the economy might go, or whether we could meet an ambitious goal. Given the choice between waiting for complete information and riding momentum, I will take momentum every time.

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## QUALITY CULTURE

Quality is never an automatic in business. You've got to get employees focused on building a quality culture. It's easier to monitor and enforce in small businesses with a simple product. As a company grows, you need a process to make sure every employee knows exactly what the key quality issues are related to his or her job. People may not realize the new dimensions of quality beyond whether a product works or not; there are quality responses to customers, for example, and degrees of quality in managing raw material or inventory. You have a quality process and then you have to have quality inspections, you need a quality strategy, a quality plan, and test equipment. It might sound bureaucratic, but without these processes, complex operations can get dysfunctional very quickly.

## RETURN CALLS THE SAME DAY

Unless they are an obvious personal sales call, I have a rule that I return calls the same day.

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## ALL WORTHWHILE ENTERPRISES ARE HUMAN SYSTEMS

The basic demands and challenges of management have not changed: At the end of the day, no matter how impressive and far-reaching certain systems become, all worthwhile enterprises seeking success are human systems that require leadership and management.

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## RENTERS, NOT OWNERS

In growing public companies, many shareholders become what I call “renters without owners’ objectives.” But we always made it clear we wanted to be a company built to last, that all stakeholders were critical—customers, employees, shareholders, suppliers, and communities—not just the shareholders. We conveyed to investors a focus on providing excellent products and operations, a respect for cash, and a consistent record of truthfulness.

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# GOVERNMENT AND COMMUNITY

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## COMPANIES WILL GO WHERE THEY ARE WANTED

Companies will go where they are wanted and stay where they are appreciated.

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## ENGAGE WITH GOVERNMENT

An executive who says that government should “just leave us alone” makes as much sense as a professional sports team owner saying, “We don’t need referees. Just let us play the game.” In business, you have to play by rules that affect other constituencies and they have the right to oppose or influence what you want for their own reasons. As a corporate leader, “just leave us alone” is not rational or even intelligent thinking, and it’s not going to happen. What is going to happen is that government is going to respond to the people and groups that engage with it.

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## GOVERNMENT MUST COLLABORATE, TOO

Government is supposed to figure out solutions for people and must collaborate to do that. I again stress the importance of my rules of collaboration. You can’t achieve the most basic element of those rules, mutual respect and trust, when you put extremists in key jobs. They don’t want to compromise to get effective solutions for the majority. I like to see groups work collaboratively, whether at the small unit level, corporate level, industry level, government level, or global level. I don’t care too much about who gets credit. It’s about moving forward, accomplishing goals.

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## PARTIES MUST LEAD, GOVERN, AND SOLVE PROBLEMS

I believe a strong and fiscally responsible economy is a paramount goal, without borrowing from our grandchildren. The extremists today make

me concerned that both parties are leaving moderates like me out of the process. Parties can't just be against everything the opponents are for; parties have to be fiscally responsible and lead, govern, and solve problems for all Americans.

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### ENGAGE WITH LOCAL COMMUNITIES AND WITH GOVERNMENT

A company cannot thrive in a community that is not thriving. Engaging with local communities and governments is not a distraction or a luxury. It provides a leader with a better sense of the big picture, protects the interests and welfare of employees, and makes for more intelligent and practical advocacy.

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### HUMAN PROGRESS IS A WORTHY APPLICATION OF TECHNOLOGY

What gets lost in all the financial froth is the idea of human progress as a worthy application of technology. Not just the capability to order goods online and share photos on social media, but the potential of innovation to solve persistent problems that create suffering in the world, or that hold large numbers of people back from achieving a decent, sustainable quality of life.

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### TAKE THE LONG VIEW

Some of my colleagues in business complain that when you sit on a panel, nothing ever gets done. You do a report that gets put in a binder and nothing happens. Well, it's true that you're never going to see government implement a report with the speed a private corporation can muster when the CEO orders something to happen. But speed isn't everything.

If you take the long view, getting stakeholders and experts focused is an important exercise and, when the time is right, it is much better to start with a plan produced in a thoughtful way than to respond to whomever is shouting the loudest during a crisis.

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## THE LARGER GOAL OF DOING GOOD

Financial independence and success are important motivations in life. But you can do well and pursue a larger goal of doing good—whether by creating powerful new tools and products, helping drive a healthy economy, protecting natural resources for everyone’s benefit, or by giving a hand up to those less fortunate. Hope and optimism are humanity’s driving forces.

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# LEADERSHIP

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## LEADERSHIP TRAITS

In 1958, at Reserve Officers Training Corps (ROTC) summer camp at Fort Bragg, North Carolina, we had a course on basic leadership. It was there I received a wallet-sized folding card on leadership traits and leadership principles. That was the beginning of my collecting management tips. Everything else I learned I mostly picked up on the job, whether in the cannery, in the military, in business, or in venture capital.

### LEADERSHIP TRAITS

- Flexibility
- Knowledge
- Initiative
- Decisiveness
- Tact
- Dependability
- Enthusiasm
- A Lot of Perseverance
- Integrity
- Judgment
- Courage
- Bearing
- Unselfishness
- Loyalty

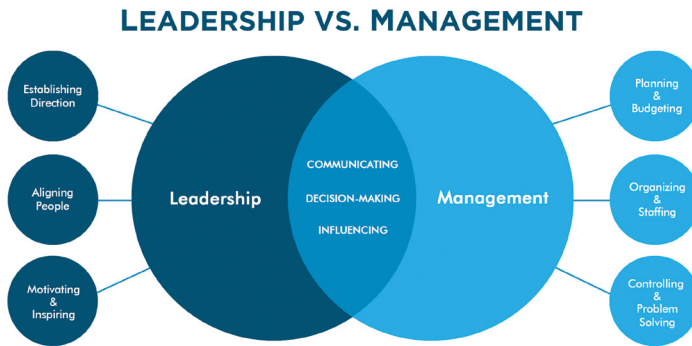
### LEADERSHIP PRINCIPLES

- Be technically proficient
- Know yourself and seek self-improvement
- Know your subordinates and look out for their welfare
- Keep your people informed
- Set the example. Behave as you espouse. Follow ethical business practices and set high standards.
- Develop your people (coaching, training, delegating)
- Seek responsibility and take responsibility
- *Make sound and timely decisions.  
Delegate—you can't do it all*
- *Be sure that the jobs can be done by you and your group, and are understood, supervised, and accomplished*
- *Lead and train your employees as a team*
- *Develop a sense of responsibility among your subordinates*
- *Adhere to corporate standards for equitable treatment of all employee groups*

## LEADERSHIP VS. MANAGEMENT

Effectively running an organization demands both leadership and management, which are closely related but not interchangeable.

The leadership function is about setting the vision, mission, and strategy. A leader establishes the opportunity for the organization by pointing it in the right direction and hiring the people it needs to make it a success. Successful start-ups tend to be led by charismatic leaders who are good at raising money and positioning the value of the company's product or service.



Leadership is essential but not sufficient for success, however. Every person running an organization, a division, or a team must accept responsibility for also managing less-glamorous duties, such as the implementation of strategy through planning, budgeting, organizing, staffing, problem-solving and follow-up. Both leaders and managers need to be effective communicators, decision-makers, and influencers — or at minimum they need to add those capabilities to their teams so that those functions are addressed and they accomplish the whole job.

Not every manager possesses all these skills equally, especially early in one's career. However, every manager needs to understand and accept the importance of each of these responsibilities and either work on developing them, or assemble team members to make up for their weaknesses.

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## MENTORS AND LEADERSHIP

When you sincerely want to learn, not just get ahead, successful people are happy to help you. I don't view the notion of a mentor as being someone who advances your career. That may happen, but I think it's more important to realize that the most valuable thing successful people have is their time and they will only invest it in someone who really wants to learn and grow. Nobody is sitting around waiting for someone who needs help to appear.

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## GREAT LEADERS

Our society has promoted the idea that the great leader is special, perhaps born to lead, or requires the highest levels of academic training. Business books and magazines often focus on dramatic examples of heroic acts or moments of truth; of the against-the-odds gamble, or of the diving catch that saves the day. This makes for dramatic writing, but I don't buy it. I believe it is well within most of our grasps to learn how to lead and manage better. My management approach is to avoid the need for the diving catch or other heroics.

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# MANAGEMENT

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## **BAD NEWS IS GOOD NEWS IF YOU DO SOMETHING ABOUT IT**

“Good news is no news, no news is bad news, and bad news is good news — if you do something about it.” Create a culture that looks for and identifies problems as they occur and rewards quick responses. As a manager “porpoise” — dive into your organization periodically and talk to everyone at every level about what’s going on, particularly if there is a problem.

If you are listening, you will “hear” problems before you get confirmation of them through official channels. You will hear hints of concern, or discontent, or frustration. Or, where you once heard voices sounding optimistic, energetic, or excited you suddenly might not hear those qualities. Don’t be like the person who gets in the car and hopes that odd engine noise will just go away. It won’t.

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## **PORPOISING**

The idea of “porpoising” is to personally visit work teams at every level of concern to you and ask straightforward questions about how things are going. Managers should periodically “porpoise,” making sure they understand important issues, changes, and challenges in their organization. Be careful to approach this exercise as a seeker of knowledge, not as a detective trying to ferret out guilty parties. Your real goal is to make sure the systems and processes in place support the company’s strategy. You can also do this with strategic phone calls to managers, investors, customers, suppliers, and community leaders.

### CASH IS KING

In a business that requires large capital investments to remain competitive, cash is king and you must raise it when you can, not wait until you need it.

For example, when revenues are strong, watch your spending. Set aside resources for R&D. When the cycle tops out and competitors are forced to pull back, you will be able to afford to double down on product development and be ready with new products, leapfrogging the competition when the sales climate recovers. That's how you capture market share when others are recovering from a downturn. You need to develop a culture that realizes change is the medium of opportunity and you must move fast to capitalize on that opportunity.

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### DEVELOPING MANAGERS

It's essential to educate and support the development of your managers as an ongoing activity. As your organization grows, the demands of your industry and the dynamics of the larger world change and you have to stay on top of that. You're never "done" putting management systems in place because the challenges change, people come and go, and new tools emerge. You have to constantly battle complacency and the idea that your success validates what you are doing today, creating a bit of a fog around your potential vulnerabilities.

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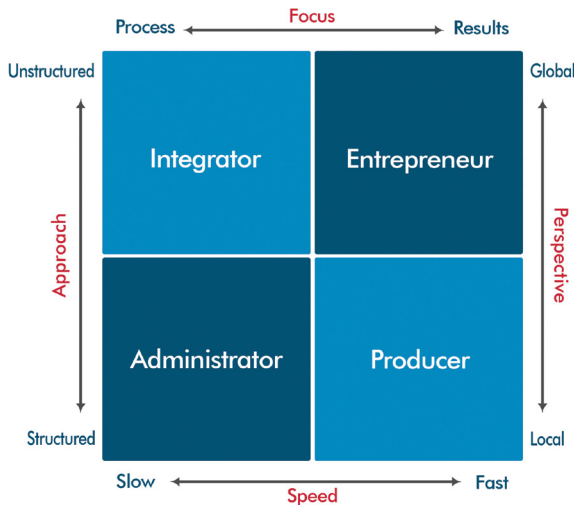
### DR. ADIZES' MANAGEMENT INSIGHTS

Dr. Ichak Adizes is a consultant and former UCLA professor. His best-known work is *Corporate Lifecycles: How and Why Corporations Grow and Die and What to Do About It*. In the book he traces the typical corporate path from founding to eventual decline, showing patterns of growth and change common to most businesses.

At Applied Materials we gained great value from another of his teachings: the PAEI Management Model. Adizes categorizes managers as filling one of four roles, Producer, Administrator, Entrepreneur and/or Integrator.

He argues that no individual manager can meet all of a company's needs, that each of these roles need to be filled by multiple managers.

### PAEI MANAGEMENT MODEL



*Producers* develop in an organization through all those activities that focus on producing the product or service that is being offered to the marketplace.

The *Administering* role is developed by those activities directed at getting things organized, planned, and scheduled.

*Entrepreneur* focuses on creating new opportunities or responding to threats.

The *Integrating* role targets the development of a cohesive team that makes the organization efficient over the long term.

From Adizes we learned that once an organization grows beyond the executive team's ability to touch every employee, it's essential to establish and to reinforce more formal management practices. And when you discover outside teachings that you believe in (such as the Adizes' PAEI Management Model), you must personally invest the time to reinforce their importance so that employees take them seriously.

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## MANAGERS MUST ADDRESS THEIR SHORTCOMINGS

It is sometimes human nature to emphasize what we do well and ignore or put off working on what does not come as naturally. A good manager must fight that instinct, understand what key leadership or management attributes he or she may lack, and either develop those skills or hire them onto the team.

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## CULTIVATE “COURT SENSE”

“Court sense” is the alert, action-oriented posture that sports like basketball demand for success. In business it means not only paying attention to your own agenda and actions, but realizing that a manager must learn to simultaneously track the movements and momentum of the entire team, the entire company, the competition, and the driving forces beyond the present position of an organization on any given day. It’s critical to adopt an alert, ready posture, constantly reminding yourself to look up, look forward, and look around. You can’t hone your court sense in a vacuum — or in an echo chamber.

A closely related concept is that of “driving forces” and those sources of change that every organization must align with or risk being run over by. The better your court sense, the sooner you will see and adjust to driving forces.

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## DEVELOP YOUR OWN MANAGEMENT TOOLKIT

I have always encouraged people to develop their own management toolkit or set of guiding principles. For many years I collected articles, lists, notes, and ideas I picked up reading, listening to speakers, or just talking with people. I urge everyone to do that as a habit that serves as a constant reminder that we evolve over our lifetime as managers, and there are always new ideas that can be helpful — or old ideas that suddenly apply to a situation in which we find ourselves.

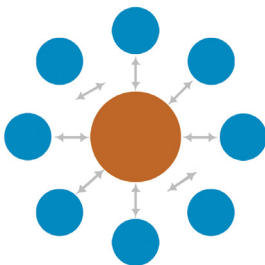
## ENTREPRENEURIAL MANAGEMENT VS. HIERARCHICAL MANAGEMENT

### (i) Entrepreneurial Management

Most start-ups resemble a wheel with a hub (founders and top management) and spokes (functional departments). One or two top leaders cannot successfully manage a hub-and-spoke structure past a fairly small size.

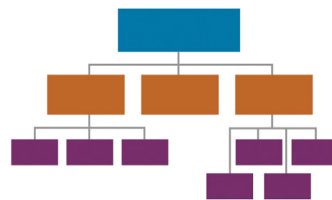
In a hub-and-spokes structure, information comes in from the spokes, and decisions go out to the spokes. As the company grows the people on the spokes get more and more distant from the hub and isolated from the other spokes. The people on the end of spokes aren't sure who is in charge of what or who has authority to do what, and they often don't have the latest information on what's going on along the other spokes. Conflicts develop that delay decisions. There are reversals of decisions that employees thought were settled.

#### ENTREPRENEURIAL MANAGEMENT



Problem: Limits growth

#### HIERARCHICAL MANAGEMENT



Improves communication and decision-making

### (ii) Hierarchical Management

Growing organizations take on more discrete functions, such as manufacturing, marketing, and finance. The “hub and spokes” structure must transition into a hierarchy where lines of authority and decision-making are clear.

A good leader needs to be able to communicate that in a growing organization, hierarchy is a good thing. It actually speeds up decision-making. The value of hierarchies and decentralized decision-making is that you set the priorities at the top, then push the individual implementation deep into the organization where it becomes a competitive advantage.

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### EXCELLENT MANAGERS ARE NOT BORN

Some people think that leaders are anomalies, special people born with the skills and talents that evade the grasp of the rest of us. But excellent managers are not born. They develop by learning: learning to identify critical driving forces in their environments; learning to build momentum by timely decision-making; learning to collaborate in a transparent and ethical manner; and to implement basic structures and processes in an overall climate of respect. And the best managers help other people to maximize their potential. Every person, regardless of education, training, or current position, is capable of improving his or her management skills, whether in a start-up, a global company, or a non-profit rich in passion but limited in resources.

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### AFTER A DECADE A CEO SHOULD MOVE ON

In most traditional companies, ten years is a reasonable assignment for a CEO. In that period you've made some good moves, you've made some mistakes—and you've had a chance to fix the mistakes.

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### CEOS AND SUCCESSION ISSUES

When it is time for a CEO to leave, succession issues become pervasive in a company. The process of grooming possible successors can be divisive. This can create a distraction. Executives tend to handicap the internal horses and align with the contender they think will get the job. As the various scenarios play out, lower level managers hold back making decisions based on whether they think the odds-on favorite will like or not like what they want to do next.

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## THE HERO'S FAREWELL

In 1988, Harvard Business School Professor Jeffrey Sonnenfeld wrote a book called *The Hero's Farewell*. He interviewed 50 former CEOs of major corporations and spent years analyzing their departures. Some were smooth, easy transitions; others fought leaving until the bitter end. Sonnenfeld claimed there were four kinds of CEOs: Monarchs, Generals, Ambassadors, and Governors. Monarchs and Generals tend to identify very closely with the heroic leader role. They feel uncomfortable leaving their positions because their egos are heavily tied up with their status. They often hang around too long. Ambassadors and Governors finish up their tenures with a greater sense of accomplishment and satisfaction. Governors tend to jump immediately into another demanding job.

The Ambassador group probably is closest to my CEO personality type. Ambassadors don't tend to prolong their goodbyes and they also don't feel a need to replicate their experience in a new place, although they enjoy sharing hard-won insights.

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## MISSION STATEMENTS REINFORCE CORPORATE VALUES

Sometimes people roll their eyes at mission statements and strategic rollout events with slogans and banners. It's possible to overdo it, but it's also important to reinforce and repeat fundamental corporate values, such as treating shareholder cash like your own, or the importance of communication between teams. Many unproductive attitudes can infect a company that does not pay close attention to its culture and values.

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## PARADOXES

Regardless of the industry or sector, all modern organizations must learn to operate within and to overcome paradoxes. Paradoxes create tension. When you give orders that ignore an underlying tension, employees become insecure and resentful, questioning themselves and your leadership. Poor leaders tend to be dismissive of difficult or opposing forces. Good leaders convey to employees that they understand the paradoxes, and that by managing the consequences of decisions carefully and striking a wise balance, the organization can succeed.

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## THE “MARGARITA FACTOR”

When I was program manager at Hydraulic Research, I had to get the planning done and get the team to meet schedules and technical specs. I had to provide oversight and follow-up, but not come across as meddling too much in the day-to-day functional management. This gave me early exposure to the necessity and complexity of managing what has become normal in modern global corporations: a “multi-boss” project or business unit.

I learned that it pays to get work teams offsite to meet and socialize a bit so that they form good relationships. Every two weeks our key executives would stop at a Mexican restaurant for lunch. We’d go Dutch: we’d have one margarita and Mexican food, and we’d hash over tough problems informally. We agreed on approaches and made decisions. We talked as colleagues receptive to giving and taking advice about how to keep things on track.

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## THE DAILIES

I made a point of challenging employees to connect their daily activities to basic values and goals. If they encountered a conflict they could not resolve, they were encouraged and expected to communicate it to a manager who could make a decision. If an obstacle appeared that might delay a shipment or service to a customer, we wanted to be early in warning that customer. We eventually made it part of a concept we called getting the “dailies,” getting the routine elements of the business right every time so they didn’t create crises.

We stated directly to our employees: “In making commitments, engage seriously and be certain you have an in-depth understanding of the expected results. Collaborate with your customer to define success. If other priorities impact your ability to meet all or part of your commitment, communicate early to your customer.”

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## HOW TO CHANGE A CULTURE

A strong and productive culture is the result of three elements that must be handled properly — and in order: structure, process, and people. If management and reporting lines (*structure*) do not support the presumed values of the company, and if your managers are not communicating and aligning with the same message at every level, you will have confusion. If you don't develop *processes* collaboratively, ideally requesting but also accepting input by all stakeholders, your culture will be plagued by simmering resentments and sometimes even sabotage. And, if you put inferior *people* in key positions, no amount of management will spin gold out of straw.

If you want to build a certain kind of culture, or you want to rebuild a failing culture, begin by looking at the *structure* under which people are working and make sure specific managers are accountable for the changes you want to see happen; scrutinize the *process* for inconsistencies or unintended gaps; make sure your team is as skilled and focused as possible (*people*). If you do these things properly, the culture will change.

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## THE WHOLE JOB

Understand and commit to doing the “whole job.” Whether the organization sells a product or a service, it needs other functions and processes that support the mission; it needs a system to spend and control cash; it needs facilities and equipment; it needs human resources and a hiring process; and it needs a quality process. It will have regulations to follow and reporting requirements. A weakness in any one of those key functions could obliterate successes in the others. Without most of these in place, the organization won't even get off the ground. Over time, without all of these functioning, the organization will crash.

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# NONPROFITS

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## BOOK IT AND SHIP IT

In the manufacturing business, “book it and ship it” simply means, “We’re finished building this. Let’s move on.” For nonprofits it’s a way of saying, “No more dithering. We’ve done our best here; now let’s put the decision in motion and see what happens.” If problems develop, you manage them. But kicking the can down the road over and over just saps energy. Success comes from the implementation of ideas. Time should be spent on organizing, strategizing, and planning, but then you need to complete the project, hire the person, and get the donation. Success is 90 percent implementation.

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## NONPROFITS AND THE BUSINESS WORLD

I once heard someone say about business executives on nonprofit boards that they often leave their brains at the door. It’s unfortunate that sometimes impatient business people get involved with nonprofits (in the same way they do with politics) and immediately bark out a list of ways nonprofits need to be “run more like a business.” I have too much respect for the complexity of what these organizations are trying to accomplish to think in those simple terms. What’s more, I also know plenty of executives who have amassed large fortunes and then wasted small fortunes trying to “reinvent” philanthropy or start their own nonprofits from scratch. Convinced they have fresh approaches to old problems, they don’t do basic research and due diligence, including having frank conversations with folks working in the area and reviewing case studies of why previous approaches haven’t worked.

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## NONPROFIT BOARDS MUST ENGAGE

Effective boards can be a great resource for nonprofits. But even very skilled business people just don't seem to invest much time in structural issues at nonprofits. These nonprofit boards can end up filled with observer types, busy business people or regional representatives who like the idea of supporting the work, but who are not as engaged as a board member should be.

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## GOOD INTENTIONS DON'T SOLVE PROBLEMS

Many business people charge into philanthropy with good intentions and blazing guns, only to quickly become discouraged and even give up. Executives are used to being in control, giving orders, demanding metrics on their return on investment. Neither politics nor philanthropy responds well to an aggressive command and control mentality. Philanthropy is often aimed at complicated, intractable challenges; if solving certain problems were easy, somebody would already have done it. In business, you can buy the talent and tools to accomplish many things; in philanthropy, you have to develop capacity in a much smaller pool of people and resources.

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## LEARNING FROM ONE ANOTHER

Business and nonprofits can learn from each other. In fact, the issue is not so much that we need to transfer the tools of business to nonprofits, it's that I can promise you that if you take the issues most start-up companies have and list them next to the management challenges many nonprofits have, you would not be able to identify which is which. All organizations benefit from certain very basic management principles, particularly organizations that are interested in growing. All of us, whatever missions we give ourselves, can be more effective in reaching our goals if we are alert to opportunities and disciplined in listening for signs of trouble and fixing problems before they escalate.

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### NONPROFITS LIVE IN A CYCLICAL ENVIRONMENT

Nonprofits live in a cyclical environment. Their fortunes are often pegged to business growth and strong stock markets, which put cash in their donors' pockets. By collecting and saving resources during strong financial cycles, during weaker cycles they can be opportunistic in obtaining facilities or assets at a discount or preparing new campaigns to launch when the giving climate improves.

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### NONPROFITS CAN BE RUTHLESSLY COMPETITIVE

Nonprofits can be ruthlessly competitive and wary of one another. The reason is that nonprofits are constantly fundraising, and all the organizations in a given space tend to target the same donors or same kind of donors. In theory, this should create a market check on organizations and winnow out the ones who are not using their resources effectively. It should force organizations to focus on their strengths instead of diluting their resources.

In practice, the opposite occurs. Organizations pick projects on the basis of what they think offers the most compelling fundraising story, rather than ones that reflect their true capabilities or the most important needs. They may not be forthcoming about their challenges because "competitors" may exploit that information to gain an edge with donors. They don't like to admit weaknesses (nobody does), therefore it's hard for them to seek partners to complement their strengths. These are not necessarily personal failings of the nonprofits' leaders, but these patterns limit the effectiveness of their organizations.

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# PLANNING

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## 5-10% FOR PLANNING

I always urged my teams to spend 5 to 10 percent of their time planning and to start each day reassessing and reaffirming their priorities. This is another simple business tool that managers neglect when they get busy. If you just bulldoze your way forward without stopping to assess where you are and what is changing or might change, you can go off track. Making time to plan and confer creates a useful rhythm and a routine.

Always model and reinforce the importance of planning. Organizational success is a marathon, not a sprint. Today, many individuals and organizations run at an unsustainable pace that is reactive but not strategic. You must plan to succeed. And you must plan... to succeed.

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## UNCOVER DRIVING FORCES

It's been said that the one constant is change. A good manager is constantly looking at the driving forces that are likely to impact the future of an organization. They may be macro or micro, everything from labor costs to interest rates to customer trends to competitive innovation. Get used to looking for them early in your career, and your ability to perceive and incorporate them into your strategy will improve over time. Every significant decision should include an assessment of the relevant driving forces.

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## FACE THE ELEVATOR DOOR

All organizations grapple with cycles. Proactively prepare for the next major shift and always “face the elevator door.” This means being ready to capitalize on opportunity (the elevator door opening) regardless of where you are in a cycle.

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## THE COST OF PERFECT INFORMATION

As any kind of organization expands, fear of making decisions creeps in. A leader must make clear the value of making a decision, moving forward, and then managing the consequences. Most experienced people instinctively know the right course. The cost of perfect information is too high. Most people over-analyze decisions and under-manage the consequences. Do basic analysis, make a decision, and manage the consequences. Success is 10% strategy and 90% implementation.

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## MAKE TIMELY DECISIONS

Making good decisions, timed right, is a challenge for all groups. My experience says that you just have to cultivate the habit of making timely decisions and then effectively communicate them. At Applied, we used to envision ourselves standing on a cliff. One of three things can happen: 1) You give a correct answer to the question and you stay on the cliff. 2) Wrong answer, you're pushed off. 3) No answer, you're also pushed off! This scenario sharpens the mind. Within their area of responsibility, most people will give the right answer most of the time. You just need to decide to decide.

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## SOLVING PROBLEMS AND THE "LET'S DO" ATTITUDE

When your primary focus is solving a problem, it shapes your attitude to new ideas and how to put them to work. It's more than a can-do attitude, it's a "let's do" attitude. Let's put our heads together and make this work.

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## SYSTEMS THINKING

To thrive and succeed in a complex world, you can't just slog forward every day checking off boxes in a linear fashion. You have to anticipate problems, process new variables, and adjust your strategy. This is systems thinking.

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## THE RULE OF THREE FOR PLANNING

I have two “Rules of Three.” One is for hiring (you’ll find that in the “Employees” section of this document). The rule of three for planning states that you should always have, know, and focus on three priorities. Most of us do many more than three things per day, per week, per year, but I always took time every morning to make sure I knew exactly what my top three priorities were so that as I budgeted my time and added or subtracted from my calendar every day, those priorities were reflected.

I encourage people to have a list of priorities for a week, a month, three months, and finally a year. Checking these periodically helps you to prepare for a priority out further in time. You may need to gather information, hire talent, get permissions, etc. The right way to review this list is to make sure all your activities every day are moving you past short-term priorities and toward long-term goals. Don’t let the urgent constantly rob time needed for important long-term priorities. Another common mistake is to put off aligning every day’s activities with a long-term goal, as if the long-term goal is what you plan to “get to” in a year.

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# PRODUCT MANAGEMENT

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## FOCUS YOUR STRATEGY

When a small company's major asset is engineering talent, you have to focus your people and limited financial resources on a core strategy. Generally, you can either stake out a major technology area and lead by innovation (like Apple did in the personal computer business), or else produce and keep developing a product or service that is so vital to fast-growing customers that you grow right along with them (like Network Appliance or other data storage companies).

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## NUMBER ONE OR TWO—OR NOT AT ALL

Consider what General Electric's long-time CEO Jack Welch used to say, which is if you can't realistically hope to be number one or two in an industry segment — or for a more local business, in your region — you should reconsider being in that business. Below that level is a difficult place to sit strategically. I call companies who end up there "the living dead."

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## INNOVATION AND OBSOLESCENCE

In a fast-growing sector, every new innovation hits the market with a target on its back. The attributes you use to sell it become the performance measure your competitor will focus on beating. What you produce today will almost certainly become obsolete; if not tomorrow, then next year, or in five years. And so you not only have to invest in making and shipping a quality product. To survive, you have to invest in making your own product obsolete. If you don't, your competitor will.

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## KAIZEN AND LEAPFROGS

Our Japanese partners demanded that we make constant improvements in process technology, process repeatability, and equipment reliability in high-volume production. They called this continuous improvement process kaizen. We used the term “leapfrog” to emphasize the importance of introducing products that were ahead of our competitors. Over time, we often talked about these ideas in tandem.

You need to target your next product as a leapfrog, but you need to continually improve the existing product. If you don't get the timing right, you may invest development time and resources in a product that is not advanced enough beyond your competitors to win market share.

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## SELLING ANYTHING YOU CAN GET AN ORDER FOR

A strategy of selling “anything you could get an order for” means you're probably not going to sell enough of *anything* to be successful.

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## TO BE SUCCESSFUL GLOBALLY

To be successful globally, you must work to understand global driving forces and align with micro driving forces. Show respect for local culture, invest in your partners' success, and conduct business with an open mind and honest communication.

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## DON'T BE AFRAID TO HAVE A PLAN B

Always stay on top of whether your original assumptions and execution are panning out. Don't be afraid to have a Plan B at the ready.

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## CASH MANAGEMENT AND R&D

When revenues are strong watch your spending. Manage your cash carefully so you can invest in R&D when others are cutting back. When the cycle tops out and competitors are forced to pull back, you will be able to afford to double down on product development and be ready with new products, leapfrogging the competition when the sales climate recovers.

## R&D IN GOOD TIMES AND BAD

Invest in R&D in good times and in bad, taking advantage of larger pull-backs to come on strong with new products when customers were ready to buy again. That's how you capture market share when others are recovering from a downturn. When you are managing a cyclical long-term technical growth company, you need to develop a culture that realizes change is the medium of opportunity. You need to be able to quickly organize a new initiative when an opportunity arises and then move fast to capitalize.

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## SKUNKWORKS

“Skunkworks” refers to any secret or semi-secret project where employees are hand-picked and isolated, and usually they are relieved of other general or administrative duties and told to only focus on that project. It's a balancing act; if you have too many secret projects you can create paranoia and resentment, but when you have to get something technical done quickly, it is a very useful tool.

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# START-UPS

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## CEOS OF START-UPS

CEOs of start-ups tend to be headstrong people who listen only to the people they need to help them raise capital. When they have a lot of money in the war chest, they don't listen to anyone. When a major investor has one or more seats on the board, the CEO will tend to direct all of his or her attention to the investor. This is a waste of other outside board members' time.

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## THE EARLY DAYS OF A START-UP

In the early days of a start-up you need almost manic fixation on gaining traction. You need to raise money and manage product development; your team's strength is developing but uncertain. In the early days there are so many small, unpredictable curveballs that can throw your team off track or create delays. Fires break out constantly. You can't think too much about long-term strategy because there aren't enough hours in the day.

Past a certain point, however, even companies with great teams and good products can fall apart if you don't have a leader who is not only keeping a close eye on technology, sales, and operations, but also on the larger context.

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## PROTECTING THE DOWNSIDE

A strategic upside can inspire a deal, but that may not work out. The lesson here is how important it is to protect the downside.

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## SPENDING TARGETS VS REVENUE TARGETS

Most start-ups meet their spending targets, but few meet their revenue targets.

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## A FOUNDER'S DECISIONS

When a founder and his team have invested in certain acquisitions or strategic decisions that aren't working, it is very difficult for them to unwind all the thinking that went into the purchases.

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## TALK ABOUT MANAGEMENT WHEN YOU'RE STILL SMALL

If you are interested in growing your start-up to be a large organization, it's important to begin discussing management and leadership concepts with your team when you are very small.

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## MANAGING THE TROOPS IN A TURNAROUND

While you often have to change the top leadership when it lacks the skills to manage a transition, it's not helpful to replace a lot of employees lower in the organization.

Most employees are just as savvy as any management consultant in seeing what the problem is. Sometimes they are better at identifying the people problems and steps in a process that are slowing things down or creating friction. In most cases, they just haven't been in a position to make changes. They need direction and leadership, but they have useful knowledge that takes new people a long time to learn. It may pay to salt a few key people into the existing organization, but I feel a minimal number is best.

I believe companies more often struggle because of poor battle plans and insufficient leadership, not because the soldiers are weak. As a turnaround executive, I believe that if you don't see enough good people to keep in a turnaround opportunity, move on to the next opportunity. Repopulating a company with new people with no sense of the company's history and capabilities takes too much time and wastes a lot of knowledge gathered at great cost.

## JIM MORGAN'S BEST-KNOWN SAYINGS

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Align every day's activities with longer-term goals.

All modern organizations must learn to operate within and to overcome paradoxes.

All organizations grapple with cycles.

All worthwhile enterprises seeking success are human systems — they require leadership and management.

Always model and reinforce the importance of planning.

Bad news is good news — if you do something about it.

Book it and ship it.

Change is the medium of opportunity.

Don't be afraid to have a Plan B.

Encourage people to develop their own management toolkit, a set of guiding principles.

Every person, regardless of education, training, or current position, is capable of improving their management skills.

Excellent managers are not born. They develop by learning.

Hope and optimism are humanity's driving forces.

Job one is to model the behavior and attitudes you expect in your organization.

Know what business you are in.

Luck is when preparation meets opportunity. — Quoted from Seneca

Make a decision; manage the consequences.

Most start-ups meet their spending targets; few meet their revenue targets.

Narrow, short-term projects tend to have limited, short-term impact.

## JIM MORGAN'S BEST-KNOWN SAYINGS

Needs and benefits always win out over wants and features.

Nothing is more powerful than perseverance.

Organizational success is a marathon, not a sprint.

Protect the downside.

Respect and trust your people.

Spend 5 to 10 percent of your time planning.

Success comes from the implementation of ideas.

Success is 10% strategy and 90% implementation.

The best managers help other people to maximize their potential.

The character of your organization will never exceed your own.

The cost of perfect information is too high.

The skills required to successfully manage a company are not reserved for a chosen few.

Understand and commit to doing the “whole job.”

We evolve over our lifetime as managers, and there are always new ideas that can be helpful.

You have to invest in making your own product obsolete.

You must plan to succeed. And you must plan... to succeed.

My overriding Morganism is “build and model a culture of trust and respect.”

*To your success...*

Jim Morgan

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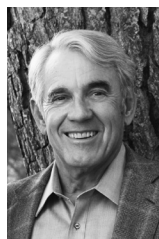
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## ABOUT THE AUTHOR

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James C. Morgan has worked extensively in the worlds of both for-profit and nonprofit organizations.

He ran Applied Materials for nearly three decades—one of the longest tenures of any Fortune 500 CEO. The company was near bankruptcy when he joined in 1976; when he retired as CEO in 2003, Applied was a multi-billion-dollar global leader with more than 15,000 employees.

Quite an achievement for a former Cayuga, Indiana, farm boy who grew up herding cows, harvesting corn, and working in his family's vegetable cannery. Along the way, Jim collected and tested his management principles in such realms as the military, the diversified conglomerate Textron, in venture capital, on corporate boards, and on government commissions.

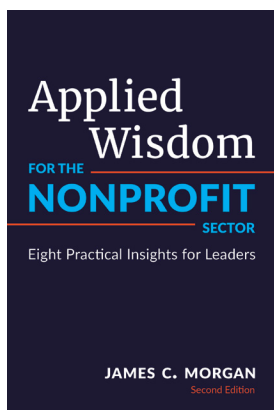
In the nonprofit arena he has served as both a California and a global director, and co-chair of the Asia Pacific Council of The Nature Conservancy (TNC). In 1993, along with his wife, Becky Morgan, a former California senator, he founded the Morgan Family Foundation. More recently, they founded the Northern Sierra Partnership, which fosters collaboration among conservation organizations in order to preserve and restore one of the world's great mountain ranges.

Jim has sat on the boards of some of the most innovative and successful companies in the world, including Cisco, Genentech, and Komatsu. He served as Vice Chair of President George W. Bush's President's Export Council and as an adviser to President Bill Clinton and Congress on U.S.-Pacific trade and investment policy. Jim holds a BME and an MBA from Cornell. He co-authored the 1991 book, *Cracking the Japanese Market: Strategies for Success in the New Global Economy* and is the author of *Applied Wisdom: Bad News Is Good News and Other Insights That Can Help Anyone Be a Better Manager*.

Among Jim's many recognitions are the Semiconductor Industries Award, the IEEE Robert N. Noyce Medal, the Silicon Valley Leadership Group Lifetime Achievement, the Tech Museum of Innovation Global Humanitarian Award, the National Fish and Wildlife Foundation Award, and TNC's Oak Leaf Award. In 1996, he was presented with the National Medal of Technology and Innovation by President Bill Clinton. In 2023 he received the Imec Lifetime of Innovation Award.

## OTHER BOOKS BY JIM MORGAN

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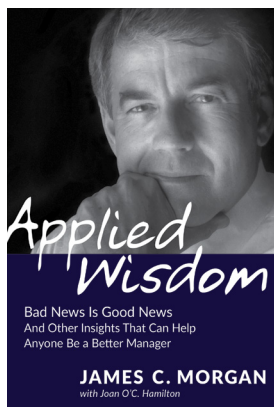


“This little booklet is EXCELLENT for the whole nonprofit sector. Well done... and it’s fun to read! Jim Morgan’s insights offer wisdom and ready-made learning to spur action and promote behavior change within ourselves and our organizations.”

— Tom Tierney,  
*Chairman and Co-Founder, Bridgespan*

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“Managers of any size business or nonprofit group will find solid advice for building agile and effective organizations.”

— Meg Whitman,  
*former President & CEO, Hewlett Packard*

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[appliedwisdombook.com](http://appliedwisdombook.com)

## The authoritative collection of Jim Morgan's management maxims

*100 Definitive Morganisms: Practical Insights for Improving Leadership and Organizational Skills* is distilled from Jim's autobiography and book of management insights, *Applied Wisdom: Bad News Is Good News and Other Insights That Can Help Anyone Be a Better Manager*.

As Jim Morgan says:

“For many years I collected articles, lists, notes, and ideas I picked up reading, listening to speakers, or just talking with people. It's a habit that serves as a constant reminder that we evolve over our lifetime as managers, and there are always new ideas that can be helpful — or old ideas that suddenly apply to a situation in which we find ourselves.”

Jim hopes that this short book can encourage emerging leaders and managers to begin their own collection of management tips and insights.