

“Mental DNA” and Competitive Advantage”

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by

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If you're leading a business in today's world, or even just a department, you know that you win or lose depending on the talent in your organization. The more talented people you can attract and retain, and the better they perform, the more effectively you are able to compete.

Of course, your competition think about it this way too, and they are working overtime to make sure that they are the ones to attract the most talented people, and then get them focused on bringing about your defeat in the marketplace. The more competition there is for talent, the harder it is for you. Your risk of losing good people increases, as do the costs of both finding and retaining good people. It seems like an endless game that no-one can win.

In Asia, especially China, the situation is even more acute. Wherever you turn companies are struggling with the prospects of having to compete with a very thin bench, or sometimes no bench at all. Clearly, such a situation is not sustainable.

This paper explores a new approach to talent management that can go some way to helping innovative companies stay ahead of the pack. It's called “Mental DNA” or DNAm[®] for short.

Mission Critical Roles and Competitive Advantage

In my experience, when dealing with the “war for talent” it's important to distinguish between more “average” roles, and roles that are “mission critical”. Within any company, certain functions are at the centre of the business offering. These are the roles where value is created for the customer. They may be management or leadership positions, although this is by no means always the case. The roles that I'm talking about tend to have the following characteristics:

- They have a high skill component, often viewed as more “art” than “science”
- The skills (historically) have taken a long time to train, and are often passed along within a department from “master” to “student”
- Often there is only a small “clique” of people who have the necessary skill

These three factors, operating in unison, create a difficult situation for the people responsible for managing human resources in a company. The long lead-time for training means that it can be very difficult to ramp up as the business grows. The requisite skill levels often mean that standard training isn't available, or it is



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quite difficult to find. And, the fact that the people with the skill are relatively rare means that you either can't find people when you want them, OR you end up in a bidding war for the best people.

Mission Critical Defined: As I mentioned above, “mission critical” does not necessarily mean “senior”. It does mean that there is a direct connection with what the business does, and where value is created. For instance, within a finance company or investment company there are people with the title “portfolio manager”. The role of these people is to find clients with whom they can do business (which means, people they can invest in or people they can loan money to). If a “portfolio manager” does his/her job well, then the finance company will make wise, profitable investments and loans.

If, on the other hand, a “portfolio manager” does not have the necessary basket of skills, the company's investments and loans will tend to be risky and unprofitable. Clearly, within a finance related company, this is a key element of the company's business, which makes the role mission critical.

Within an investment bank there are people responsible for client management and business development. This is a mission critical role because revenue generation depends, to a large extent, on the ability of people in the role to “sniff out” new deals, and build resilient, profitable client relationships. Many people in these roles have solid but not particularly spectacular performance. And, within every investment bank, there is a small cadre of client facing people who are known as

“Rainmakers”. These people are the stars who make the bulk of the revenue.

Portfolio managers and Rainmakers are, in many ways, quite “high flying” roles, and it might be easy to conclude that this is what defines “mission critical”. However, consider for a moment an industrial company that makes a bulk of its revenue from selling paint. An absolutely critical element in the process of selling paint is the ability to match the colour of the paint with the customer's requirements. Part of this process is done using advanced measuring equipment. And, you can't get the colour of a paint right just using technical analysis. You need people who are trained in colour matching to make the final judgement. So-called “colour matchers” aren't that senior in an organization, but they are absolutely critical to the mission. If they get it wrong, millions of dollars of product can go to waste. Worse. Customers will walk.

Another example would be call-centre “experts”, who are on the phone to customers every day. If your business depends on a call-centre in any way, the customer reps in the call-centre are in mission critical roles. If they do a great job, your business will build along with your reputation. If they do a less than stellar job, however, you will experience the (unpleasant) results on the bottom line.

When you think about business in this way, it becomes quite obvious that your competitive advantage is directly tied to the way in which you manage, develop, and retain people in mission critical roles.



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Value Creation Bottlenecks in Asia

The challenge of effectively managing mission critical roles is even greater in Asia than in many places in the Western Hemisphere. This is especially true in China, which is quickly becoming the world’s factory. Companies from around the world are migrating to China, just as mainland Chinese companies are stepping up to become much more “modern” and professional in their approach. This demographic shift is creating a massive value creation bottleneck. Companies simply cannot find enough people with the requisite skills to handle most of the roles in a company, never mind mission critical roles.

This value creation bottleneck is caused by a number of key factors. Within Greater China, for instance, the growth in demand for skilled people is simply much greater than the rate at which skilled people are being developed. This is, to some extent, compounded by the education system that is common in China, Hong Kong, and throughout Asia. Increasingly, modern industry requires people to be inquisitive, creative, flexible and self-motivated. The Asian educational system, however, still tends to focus on developing people to fit within the older, industrial model. So, people get trained in rote learning, giving the “correct” answer, and following instructions.

The problem gets further compounded when we look at value-adding roles. Not only do they require these inquisitive, creative, flexible and self-motivated people. They also require special skills that have, historically, only been passed down from generation to generation within companies or industry segments.

Because many industries are only just beginning to move into Asia in real force, there has not been enough time to build up a solid “bench” of critical skills in the Asian (and Chinese) market place.

The results of this are immediately obvious, and quite painful. A case in point is an industrial company that has identified product wastage of over US\$1 million per year. Most of this wastage can be linked back to lack of skilled staff in a particular mission critical role. In addition, this skill gap means that the company’s growth over the next 12-18 months is constrained by over US\$100 million. In other words, there is a market opportunity of over US\$100 million that the company cannot take advantage of, simply because the skills are not available.

Clearly, this is a major challenge for everybody. The question then is, other than waiting 20 years for the educational establishment to catch up, is there any way to relieve the pressure caused by value creation bottlenecks?

“Cloning” Talent: The DNAm[®] of Excellence

If you can’t afford to wait for the educational establishment to produce the sorts of people that you need to fill your mission critical roles, what alternatives do you have? Clearly, you have to do it yourself in some way. For basic roles, standardized training programmes can probably fill the gap. But, what do you do with mission critical roles? Especially those where there is a “guild effect” operating? It’s the thesis of this paper that working with



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Mental DNA – called DNAm for short - provides a viable approach. It is possible to rapidly develop people to fill mission critical roles, even if these roles are complex and sometimes even mysterious.

What to I mean by Mental DNA? Basically, every single profession, every art form, and every mission critical role, has many associated “personal processes” that underlie successful performance and mastery. These “personal processes” happen inside the minds and the bodies of the practitioners, and consist of varying combinations of mental steps, perceptual filters, beliefs, values, and emotional patterns. People who have mastered a particular mission critical role have, in fact, developed a unique set of these “personal processes” that underpin their mastery of the role. These “masters” have either learned, or stumbled upon, specific internal strategies that allow them to do the role much better than their peers.

To give an example, some years ago I was told of a researcher who went to a deep sea oil rig with an oil man who was renowned for identifying and fixing a wide range of oilrig type problems. The trip to the oilrig was set up so a problem on the rig could be identified and repaired, and so the researcher could identify the basis of the oilman’s unique skill.

As the rubber dingy they were riding pulled up alongside the rig, the researcher asked: “how are you going to start looking for the problem?”

To which the oilman immediately replied: “I already know what it is”.

The researcher was somewhat flabbergasted. They had not even landed on the rig, and the problem was already identified. Curious, he asked the obvious question: “how do you know?” The answer was very cryptic. “The music of the rig”, replied the oilman.

When you think about it, of course, the oilman had developed a skill set that relied on the overall “sound envelope” of the oilrig to help him diagnose problems with the rig. If you’ve ever driven long distance you will have the personal experience of doing something similar.

You will be driving along, probably daydreaming, and all-of-a-sudden there is a change in the “noise” of the car. Immediately you pay attention, and you run through a series of tests very quickly in your mind. Has the road surface changed? Have you heard this sound before? Is it in the engine or in the wheels or something else? Is it rhythmic? Etc. It’s almost like you have a menu of different questions in your mind, and you run down the items one by one.

You use these questions to very quickly satisfy yourself about whether or not you have a serious problem on your hands. Most times you don’t. The point here is that, as an experienced driver, you have a very specific set of mental processes that you use to diagnose the situation with your car. Just as the oilman had for diagnosing problems with the oilrig.

Industrial Colour Matching: Similar situations apply in many other fields of endeavour. In the area of colour matching industrial paints,



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for example, a small number of people are able to do the job very well. The majority of others are quite average, and struggle in the role. When you explore the differences between the two types of people – the average and the masters – you discover very specific differences in how they approach the job. For instance, the successful matchers have created a mental library of cases that they can compare with very quickly (often at the unconscious level). Less successful matchers don't have the same mental discipline. The successful matchers also have rich representations for every colour match that they have ever done, whereas the more average matchers have mental representations that are more single dimensional.

Contrary to what you might expect, the ability to perceive in colour may not be quite so critical. I have been told that one of the most successful colour matchers who ever worked for one particular company just happened to be colour blind.

Investment Banking: Within the field of Investment Banking, the ability to “make rain” is highly valued. Essentially, a “Rainmaker” is an individual who has mastered the multiple skills of communicating, selling, organizing, and finance. This translates into the ability to land projects and deals that are worth tens of millions of dollars (at a time) to the Investment Bank. When you start to explore the differences between “Rainmakers” and Investment Bankers who are viewed as more “solid”, you also discover important differences.

Contrary to the portrayals of Investment Bankers in movies, the really outstanding “Rainmakers” appear to be very laid back and quite humble. They are quite capable of totally redirecting a meeting, or changing people's minds, but they do this more with well-placed and thoughtful questions than with any flashy performance. They also have a set of interesting, core values that set them apart from others.

Baseball Excellence: A fascinating story I came across some time ago concerns a young boy who was playing in a Junior Baseball team in the U.S. Apparently this young boy was unable to hit the ball at all. His coach, seeing his distress, decided to teach him a simple trick. The coach taught him to visualize a spot on the ball that was being pitched towards him. He was asked, quite simply, just to focus on the dot, and swing the bat.

Armed with this new technique, the young man started to hit the ball more and more frequently until finally he came out at the top of his league. He went on to go to college and in college he played in the senior college baseball team. According to the story he was a star hitter. When asked how he was able to achieve such a powerful performance, he commented that it came to him naturally, and that he had always been able to hit the ball this way.

So What? As these stories begin to illustrate, the difference between average and masterful performance in any mission critical role can be traced to quite specific mental and emotional processes within the individuals



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who are performing the role. This concept is different to the idea of “talent”. When we talk about talent, people naturally assume that it is somehow inherent to the person (read genetic) and that it cannot be trained. It is, somehow, God-given and immutable.

When you consider that this talent is actually a set of finely tuned mental programmes, however, the situation is very different. Firstly, it is possible to first trace, then identify and articulate, the specific differences between average and masterful performance in a given mission critical role.

Even more importantly, once you have identified the differences and pinpointed the internal processes that really matter, it is then possible to train other people so that they can replicate the talent. In effect, you might say that you are “cloning” peak performance. We call this process DNAm[®] - the process of modelling mental “DNA”.

Not Competencies: An important point to make is that this is NOT the same as defining competencies. Rather, what is required is a level of micro-analysis that identifies specific psychological processes and steps used by master performers. A competency, by comparison, would be a general description and label of the overall ability to generate results using these “personal processes”. A competency would give you a guide as to where you could start looking, but it would not provide a model of what a top performer is actually doing to be so successful.

Turning DNAm into Real Value

The implications of using this approach for talent development are enormous. In just a very short period of time it is possible to replicate the essence of peak performance in a mission critical role across most of the key people within a company.

For instance, in a project which I ran several years ago I worked with “Rainmakers” in an Investment Bank. The DNAm[®] model that we extracted from the “Rainmakers” was propagated across a core subset of bankers in the firm, leading to rapid growth of the business, and enhanced ability of the firm to land big ticket deals. This led to significant growth of the bank’s business overall.

In a different context, a medium sized factoring based finance company in Hong Kong, we created a DNAm[®] model of Portfolio Managers. In this particular case the mission critical role involved managing a wide range of clients who were signed up to use the finance company’s factoring service. The Portfolio Managers were charged with the (quite difficult) job of encouraging clients to maximize their use of the factoring service and, at the same time, protect the finance company against downside risks. This company had only two, at most three, people who had the right “feel” for the role.

After modelling the best three people we then worked with all the Portfolio Managers on the team, transferring the model to each of them. As a consequence, in subsequent years, the company experienced solid growth and an enviably low level of bad debt – significantly



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below the targets that had been set. In addition, staff turnover dropped significantly. This was partly in response to the common understanding and alignment generated by the DNAm[®] process.

The value created by the process of modelling Mental DNA and role specific excellence comes from a number of different areas. Those that you can immediately identify include:

- **Increased Bandwidth:** When you model excellence and role it out in a company, the first benefit that you see is a massively increased bandwidth. With the same number of people you are able to handle significantly more business, at much higher quality levels. This will inevitably show up on the bottom line and in major KPIs.
 - **Faster Growth:** The increased bandwidth and the shortened training cycle translate into much faster growth for the company. If there is business to be had, your chances of winning it, and of profiting from it, go up sharply.
 - **Reduced Waste:** While not the direct focus of a DNAm[®] process, you will be surprised at the collateral benefits that you can enjoy. Because of enhanced skill levels you will find that unnecessary mistakes and wastage get reduced, also helping to contribute to the bottom line.
 - **Reduce the “Guild Effect” and Greater Control:** Another benefit that is quite subtle, and still very important, is what I call a reduced “guild effect”. A guild is defined as
- “an association of people with similar interests or pursuits”. In mission critical roles, you often get unofficial groupings of “the experts” who tend to try to control access to the knowledge and skills that guarantee them their jobs. A DNAm[®] modelling process, when properly executed, can broaden the population who have the necessary skills. This in turn helps to create more of a balanced bargaining situation.
- **Common Language:** Another, very important benefit is that the modelling process and subsequent rollout into an organization can create a common language. People find that they are able to talk more meaningfully about what they are doing in a role because they now have words to describe their internal processes. This leads to greater mutual understanding, which translates into much higher levels of coordination and, ultimately, lowered costs.
 - **Sidestep Barriers to Learning:** Finally, there is a very subtle benefit that derives from the way a DNAm[®] process is rolled out. If you’ve been involved with any form of organizational development you will be aware that you often come face-to-face with the “training disconnect”, and with “NIH” – Not Invented Here. Even when a technique or approach is very good, people in a company will often reject it because it did not come from their own world. The DNAm[®] process very neatly sidesteps this problem. The model that is rolled out comes from inside the company, which already gives it a great deal of validity. And, even more importantly, the people being modelled



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are those who are universally recognized within the company as being the true experts. The opportunity to learn what the experts do, and become part of a select club, is a very powerful motivating force.

Steps to Leveraging Mental DNA

You might think that the easiest way to work with Mental DNA is to get the experts to run a training course. At least, it sounds reasonable. The problem is that experts very frequently don't know what they are doing. Or, rather, what they tell you they are doing is generally quite different to what they are actually doing. Because they are so good at what they do experts are not able to easily articulate the knowledge that they have. Nor can they say exactly how they achieve the results that they do. Because of their mastery, they are operating at a level known as “unconscious competence”.

In order to get around this problem, you need to use people who are trained in the process of modelling excellence to pull the model out of the masters. DNAm Modellers are expert in identifying the internal psychological and emotional processes that underlie excellence in any given role.

A skilled DNAm Modeller will interview experts in a special way that pulls out the essence of what the expert is doing. Often, in order to get the best possible data, the DNAm Modeller will actually shadow the expert as he or she goes about the role. This is important because, just as with the oilman who could hear “the music of the rig”, it's important to catch an expert at the exact moment when a key skill gets activated.

For instance, in modelling one senior leader in an organization I was shadowing him when a crisis call came in. Most senior people would have responded to such a call with a burst of angry emotion. However, this expert did something quite different. He settled back in his chair, began to breath more slowly and deeply, and settled into what I call a “deep listening pose”. This response (and the reasons for it) later became a part of the model we were building.

When you get into the process of actually developing a DNAm model, there are a number of steps that you need to go through. The order in which you implement these steps can vary depending on issues relating to the organizational environment. The main components remain the same, however.

The DNAm® process involves the following key steps:

1. Identify Master Performers

The first step is to actually identify people in the organization who are master performers in the mission critical role that is being modelled. This is not as easy as it might sound. For instance, in one project that we were involved with the person commissioning the project was actually the one most qualified to be the model. However, for a number of reasons, he was initially quite reticent about being an exemplar.

Getting the right people as the models is very important, for two main reasons. Firstly, you really want people who stand out from the crowd in terms of their skills in the area being modelled. If they don't stand out then it is



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unlikely that they have the necessary breakthrough components that you are really looking for. If someone really stands out from the crowd, however, you are much more confident that they are doing something fundamentally different when compared with other people. This is where you will find the real value that can propel your company forward.

Secondly, if your models are people that everyone agrees are truly masters in the area you are exploring, when rollout time comes you will have a lot less selling to do. Others in the organization will want to know what makes the “masters” so much better than the average. If the models are not truly viewed as masters, however, you lose the benefit of this effect.

2. Identify Comparators

The second step in the process is to identify average performers who you can compare against your experts. This is vitally important, because it gives you a baseline for identifying what really generates results with your experts. If your average performer and your expert both smoke cigars, for instance, you can probably assume that cigar smoking doesn't have much to do with the expert's performance.

3. Map the Value Process

Once you know who you are modelling, you need to map the work process that is involved. For instance, in a sales situation you have a number of different process steps that make up the complete performance “set” for the role. There is generally a customer identification

process, then a customer qualification process. You have a customer approach process, a needs identification process, a closing process, etc.

It's important to do this step because a mission critical role will need to handle a range of different process elements. Often, in fact, one of the reasons that a person is an expert comes from the fact that they have a very different view of the overall process that they are working within when compared to more average performers. Mapping the value process, with the help of the experts, identifies if this in itself is an important element of the model.

4. Shadowing and Deep Diving

Once the overall work process has been mapped out, the detailed stage of the DNAm® process begins. You generally start with a series of special interviews, alternately with the experts and then the average performers. These interviews explore the boundaries of the role, and the different tasks that a person needs to perform in that role.

And, you go much deeper. For every critical piece of the role you explore with each person the particular way in which they go about doing each task.

Wherever possible you also shadow your models as they go about doing their tasks. You then use your observations to dig more deeply into the mental processes and emotional foundations that the models bring to their work.



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5. Micro-Analysis and Patterning

The shadowing and deep diving create a wealth of data. Once you have determined that you have collected most of the data required, you proceed with a very detailed analysis. You do this by comparing your models and your average performers on a number of dimensions. This includes the beliefs that they bring to their work, specific knowledge areas that seem to be important, mental “tricks of the trade” that the experts use, etc.

As you do this, you are really looking for one thing – the difference that makes the difference.

You are engaged in a pattern recognition exercise, and a piece of creative detective work, bent on perceiving those perhaps subtle, but definitely very important differences that lead to the experts getting results that are significantly better than the “norm”.

As you identify these differences, you proceed to build them into a model that will enable you to articulate very clearly both the how and the why of the experts’ model. What do they do that’s different? Why does it matter (i.e. what impact does it have) AND, how, exactly, are they able to do what they do so well?

6. Test the Model

Once you have determined what you believe to be the key elements of the model of excellence for a particular role you get to the most interesting piece of the process – testing the model. This involves coaching one or two average performers in using the key elements of the model, and then observing the results. If your new protégés start to get outcomes that approach what the experts get, then you

know that you have found your model.

If the results still aren’t there, and don’t look like they will come even if the recipient is following the model faithfully you know you have missed something. At that point you need to go back to your data and look for what you missed the first time around. You do this until people who use the model start getting results that are moving in the direction of what the top performers are getting.

Payback Time

The final step in the entire DNAm® process involves rolling the model out to those in the organization who need it. Depending on the nature of the role that you are modelling, and the culture of the organization, many different rollout methodologies can be used. While documentary approaches can add some value, most DNAm© transfer needs to be done using “human contact”. In other words, face-to-face interactions of some sort. This is because of the subtle nature of important elements of the models of excellence. Frequently, these subtle pieces can only be fully communicated and transferred in a human-to-human interaction.

Whether you choose to do model transfer in groups or via one-on-one interactions depends on two main factors: status and interactivity.

- Interactivity refers to the degree to which elements of the model need to be experienced in a complex environment with different people interacting together. If elements of a model require this, then some degree of group work is indicated.



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- Status refers to the status of model recipients in the organization. Often, models of excellence require deep reflection, and a challenge to the personal beliefs that people hold quite dear. When a model recipient is already high status in an organization it's very difficult to have conversations around those elements of a model in public. Because of this, with high status individuals we would almost always choose a one-to-one coaching methodology.

Conclusion

In conclusion, then, I'd like to offer that a process of modelling Mental DNA provides a useful and powerful methodology for dealing with one of the major business challenges faced by companies today – a lack of talent for mission critical roles.

Using a DNAm[®] process a company can distil the key factors that lead to peak performance in mission critical roles. Once distilled, a model of excellence can then be transferred to any number of people in a company, increasing bandwidth, reducing costs, and overall contributing to the company's bottom line. ●

