A **CEO** Playbook

THE CRAFT

Secret Codes and Methods for
Unlocking Exponential Financial Value

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HORIZON

At the beginning of the process of developing the sketch, we determined the initial parameters of time. We established—at least our best prognostication of—the length of time that it will take to achieve the optimal value.

Time has even deeper layers we want to expose. We want to draw these deeper layers out for the simple reason that they are integral to understanding the interior architecture of how different individuals perceive, react, and think within differing or alternative situational contexts. By exposing these layers, we gain a much more meaningful read on the path forward and on our probability of success in extracting exponential financial value. For example, drawing out these layers will reveal how the actors

> believe benchmarks should be set and measured for progress along the actual vector;
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> interact with or react to the alternative events within various inflection points—which manifest differing

tensions, paths to resolution, and opportunities to find gold in the midst of change and confusion; and

will be emotionally activated in response to time-based triggers—manifesting alternatively as, for example, excitement, impatience, frustration, anger, malaise, or otherwise.

By revealing these deeper layers, the nature and quality of a prospective relationship within your commercial ecosystem is exposed. The more fundamental codes can then be associated with underlying beliefs, values, attitudes, and biases—and they can be correlated to the allocation of risk, reward, and responsibilities set forth in the business terms and working model.

To reveal these deeper layers, simply ask yourself:

How long is their horizon?

Some individuals or groups need to see an outcome in the next day, week, or month. This short-term lens is sometimes due to the objective needs of the business—an exterior motivation. They need the cash. They need a quick win. But it may also indicate an interior architecture favoring short-term perspectives. As a result, these executives tend to be more transaction oriented in their exchanges with others—which may be entirely appropriate depending on their function within the ecosystem, so long as it is also commensurate with the rewards, risks, and responsibilities they will be allocated. This short-term orientation will define how frequently there will be a need to measure progress and receive rewards, how long they will be patient when KPIs or benchmarks are delayed, and at what point their trust in a relationship will quite simply melt down. For purposes of *The Craft*, what we are doing by stimulating a psychographic variable like horizon is simply mapping the inflection points which will soon and inevitably be encountered on the vector forward.

At the other end of the temporal spectrum are long-termers. At their most extreme point, they envision glorious achievements that will be realized years from now. Many entrepreneurs and bleeding-edge innovators have this DNA strongly within their interior beliefs, attitudes and worldviews.

Between these two extremes are many shades of gray. Each gradation within this realm of grayness will correlate to a different set of allocations—expressed in timelines for expectations, timelines for actual performance, alternative risk assumptions, the appropriate governance model, how friction is managed, the frequency of communications, and the capabilities and personalities of the members assigned.

I have been involved in three corporate spin-offs. In each case, the parent was engaged in businesses which generated strong cash flows ranging from $40 million to $3 billion per annum. While their annual revenues were significant, each one managed their businesses on a quarterly, monthly and even bi-weekly basis. In other words, each stewarded their business with quite short-term outlooks. When they spun off a new company, it was to achieve a bold, potentially disruptive objective that could generate significant financial value. This was exciting, and promised them a potential spot on the marquee with other great entrepreneurial founders. However, pursing a high-value, disruptive path forward necessitates possessing a long temporal horizon. It will take years. Any capital generated will be reinvested into the business. It will not be harvested for short-term gain. In each of these cases, the fundamental belief wired deeply into the senior executives was challenged to bridge a short-term, harvest-oriented wiring in favor of a long-term, reinvestment-oriented wiring. In fact, their short temporal lens was a material drag on the business. In the end, it precluded their ability to achieve their lofty financial aspirations.