You will be better

LEARNING TO PLAY THE INFINITE GAME

Part 1 – How do you explain when things don't go as we assumed?

By Ernie de los Santos

How do you explain...

How do you explain when things don't go as we assumed?

Or better…

How do you explain when others are able to achieve things that seem to defy all the assumptions?

How do you answer this question?

How do you explain when all the money invested in:

- Sales Training, Management Training
- Marketing, Advertising
- Social Media, Equality
- Product Management
- Customer Service

*...**doesn't show much (if any) improvement** in*

- Customer loyalty
- Employee Retention
- Revenue

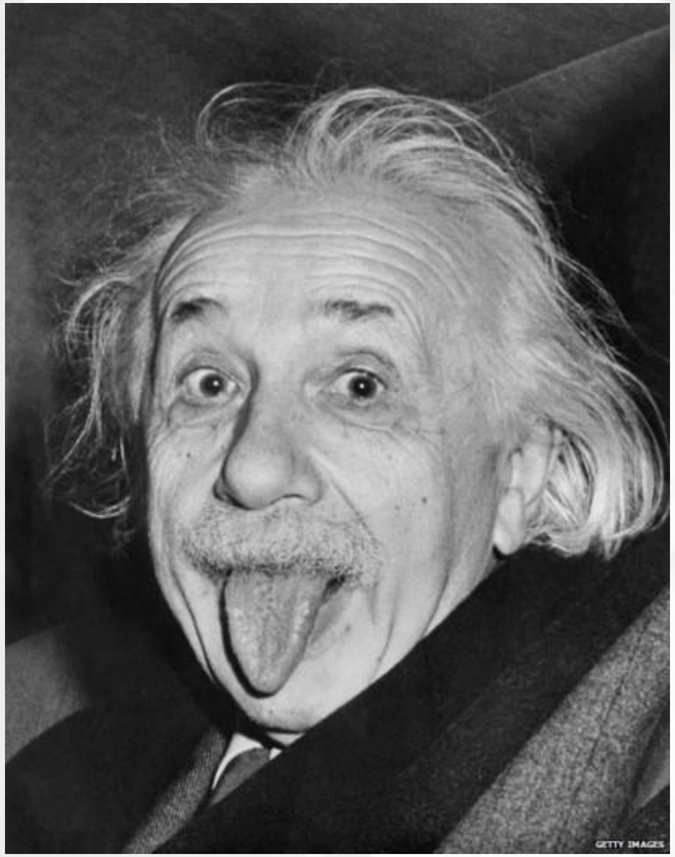
A Simple Formula to Achieve Success:

Know what you want.

Find out what you're getting.

Change what you're doing until you get what you want.

"We cannot solve our problems with the same thinking we used to create them."

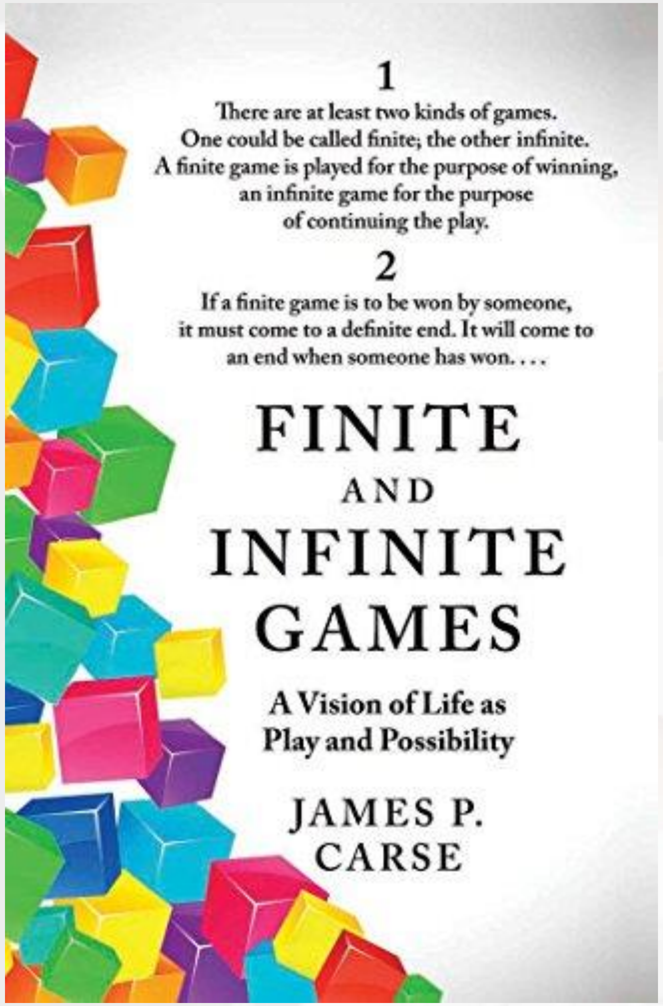


...often misquoted and attributed to Einstein.

Einstein more than likely said it this way:

"The world that we have made as a result of the level of thinking we have done thus far creates problems that we cannot solve at the same level as the level we created them at."

Ever thought to look outside your own industry for answers?



What can Game Theory can teach us about

- How to Attract and Retain Talent
- Disruptions through new business models & technology
- Adapting to “Hybrid” work
- Geopolitical uncertainty
- Cybersecurity
- Slowing Growth
- Dealing with effects from the Pandemic

LEARNING TO PLAY THE INFINITE GAME

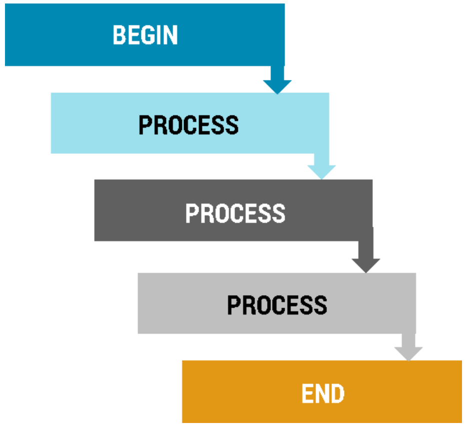
Part 2 – What's the Difference between Finite vs. Infinite Games?

By Ernie de los Santos

TOP GUN COACHING

Game Theory says there are only two kinds of games:

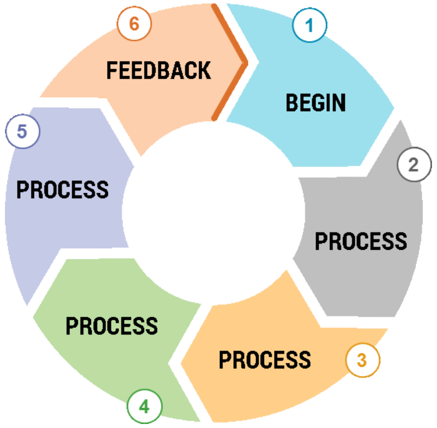
FINITE GAMES



- Known Players
- Fixed Rules
- An Agreed Upon Outcome

Examples: Baseball, Football, Chess

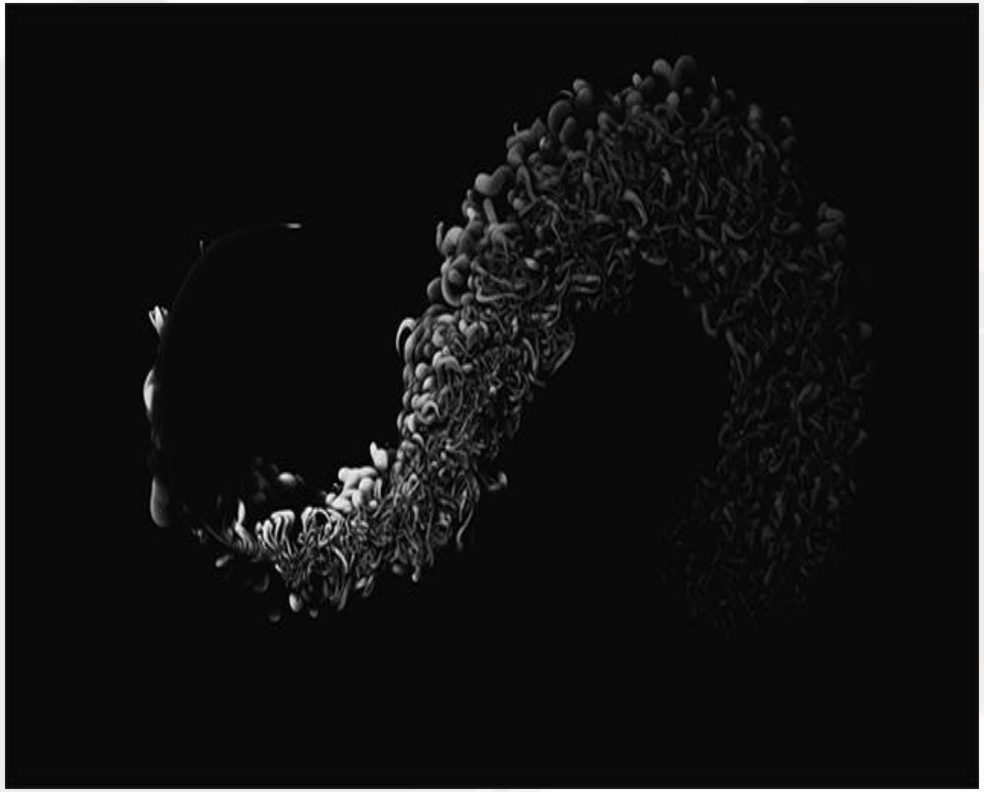
INFINITE GAMES



- Known And Unknown Players
- Changeable Rules
- The Objective Is To Perpetuate The Game

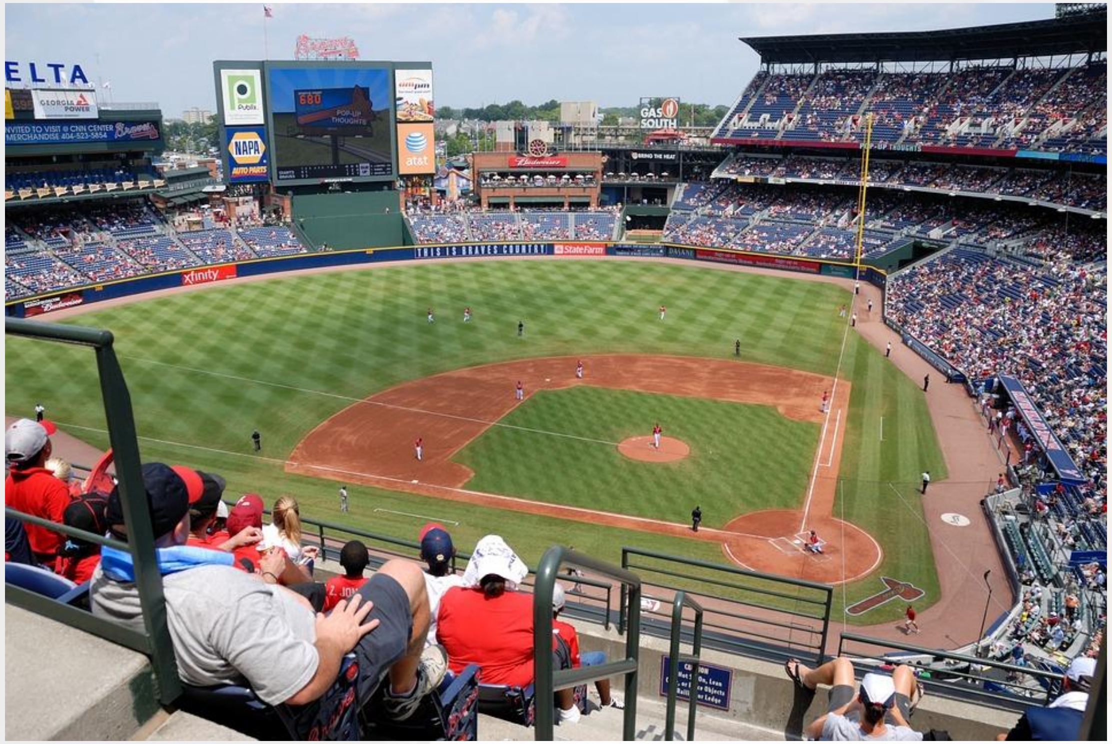
Examples: Friendship, Marriage, Business

All Business is an Infinite Game



- There are many players, some you don't even recognize as players…
- There are no fixed rules – other than acting legally, there are an infinite number of ways to conduct business…
- There is no agreed upon objective – one person's definition of "success" may not be another's…
- There is no end! When any player leaves the game, the game continues on…

You MUST play by the right rules for the game you're in…



In a Finite Game…

Finite Player

vs

Finite Player

The game is stable.

You MUST play by the right rules for the game you're in…

In an Infinite Game…

Infinite Player

vs

Infinite Player

The game is stable.

“But Ernie... I don’t WANT to play in a game I can’t win!”

In an Infinite Game…

That’s

EXACTLY

what the other player(s) want to hear you say!

What if you DON'T play by the right rules for the game you're in...

In an Infinite Game...

Infinite Player

vs

Finite Player

The game is unstable.

WHY is the "game" unstable in this instance…

The Finite Player produces CHAOS while racing thru their resources & will to continue to play the game

(The business world calls this bankruptcy, merger, acquisition)

But there are predictable outcomes for this Player…

- *A decline of Trust*
- *A decline of Cooperation*
- *A decline of Innovation*

An Example of Playing with the Wrong Rules in mind: Global Politics

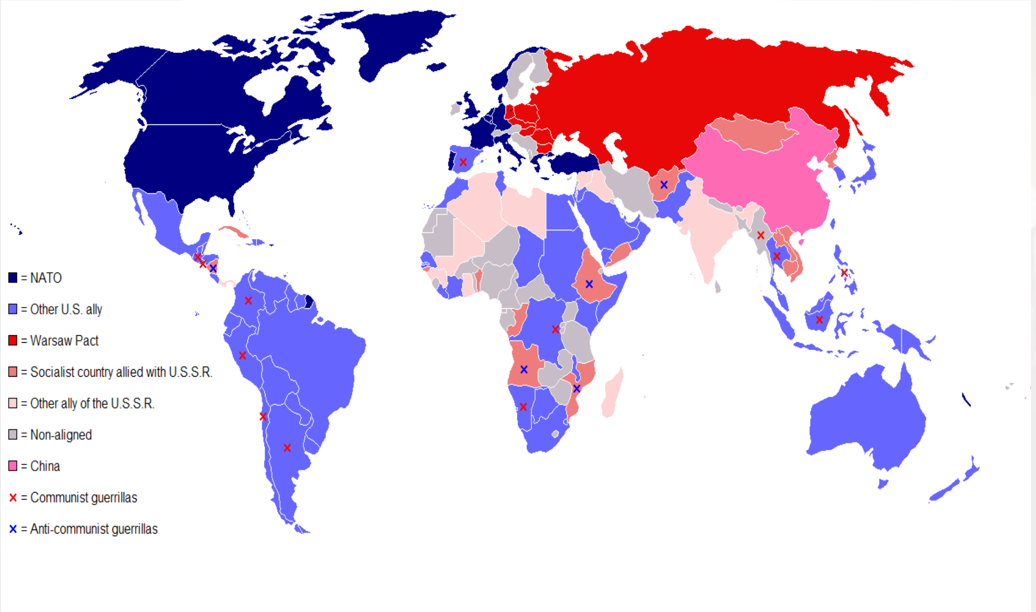
Consider the tensions during the Cold War between the USA and the USSR:

- **Nuclear Weapons** LIFE
  (ours vs theirs)
- **Ideology** LIBERTY
  (Democracy vs Soviet-style Communism)
- **Economics** PURSUIT OF HAPPINESS
  (trade, technology, business capabilities, economy)

Questions:

- *Did the USA "win" the Cold War?*
- *What about THE NEW COLD WAR?*

Did the USA really "WIN"?... *Which game is not still in play?*



Consider the tensions in the world TODAY:

- **Nuclear Weapons**
  (several new nuclear powers…)
- **Ideology**
  (vs Islamic Extremism & White Nationalist Extremism)
- **Economics**
  (China's trade, technology, business capabilities, economy)

Questions:

- *Is the USA still "winning"?*
- *What metrics would we all agree upon to measure that?*

The Seven Deadly Diseases of Management*

Originally seen in "Out of the Crisis" (1982) – by W. Edwards Deming – Father of the Total Quality Management Movement

1. **Lack of constancy of purpose to plan product and service that will have a market and keep the company in business and provide jobs — it's a chain reaction from the purpose to the jobs, all interdependent and interconnected.**
2. **Emphasis on short-term profits: short-term thinking (just the opposite from constancy of purpose to stay in business), fed by fear of unfriendly takeover, and by push from bankers and owners for dividends.**
3. **Evaluation by performance, merit rating, or annual review of performance — when asked about this point, Dr. Deming would mention Peter Scholtes thoughts on why performance appraisals were bad management. In Abolishing Performance Appraisals, Scholtes suggests alternatives. Scholtes et al say that even the recently-become-sacred 360-degree appraisals can be fatally flawed, if what they are about is judgment and evaluation, rather than helpful feedback. Quality feedback mechanisms including coaching and support structures are a strong alternative.**
4. **Mobility of top management (too much turnover causes numerous problems).**
5. **Running a company only by visible figures, with little or no consideration of figures that are unknown or unknowable — this is an obvious statement that runs counter to what some incorrectly claim Deming taught, that you can only manage what you measure. Deming did not believe this and if fact saw it as a deadly disease of management.**
6. **Excessive "benefits" costs — this is more US-focused than the others.**
7. **Excessive costs of liability, swelled by lawyers that work on contingency fees — also more US-focused.**

**As described by Valeria Maltoni at https://www.conversationagent.com*

Your Choices in an Infinite Game are Simple

There are only two Choices:

1. **Play by the Rules**

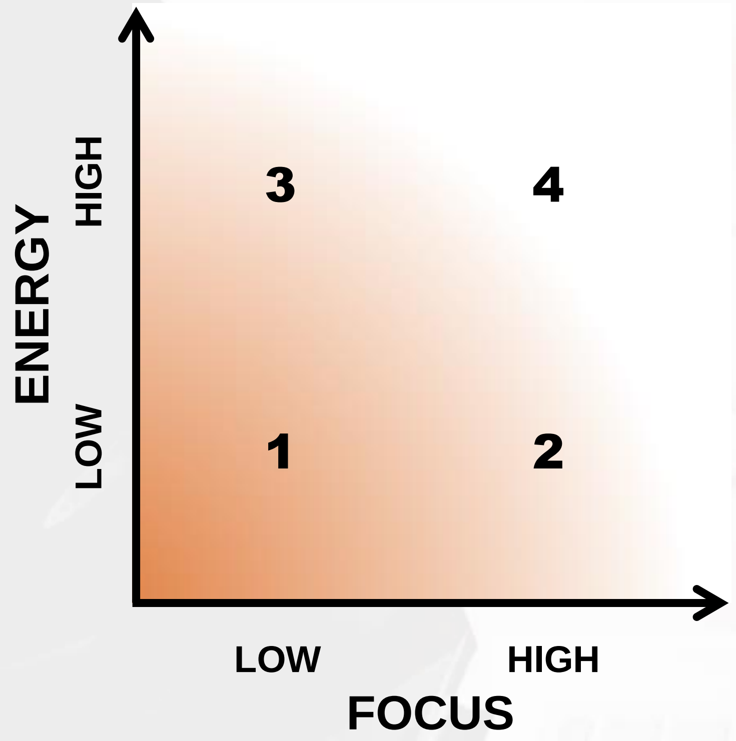
OR

2. **Drop Out**

…because if you don't play by the Rules

you WILL PROBABLY FAIL AND LOSE

What's Your Reaction to This, So Far?



From a Harvard Business Review article:

- **Study identified four types of "manager styles" –**

1. Procrastination
   - *Fearful, Passive, drops the ball*
2. Disengagement
   - *Head-in-the-Sand, Burned Out, Low Energy despite being Focused*
3. Distraction, Non-reflective
   - *Perpetual Fire-Fighter (shoot first, aim later), confuses frenetic motion with constructive action*
4. Purposeful
   - *Self-aware, Fighting for Survival, Careful, Organized Planner, Take Initiative*

HBR | Time Management: Beware the Busy Manager

Every Business is an Infinite Game and so is Your Department

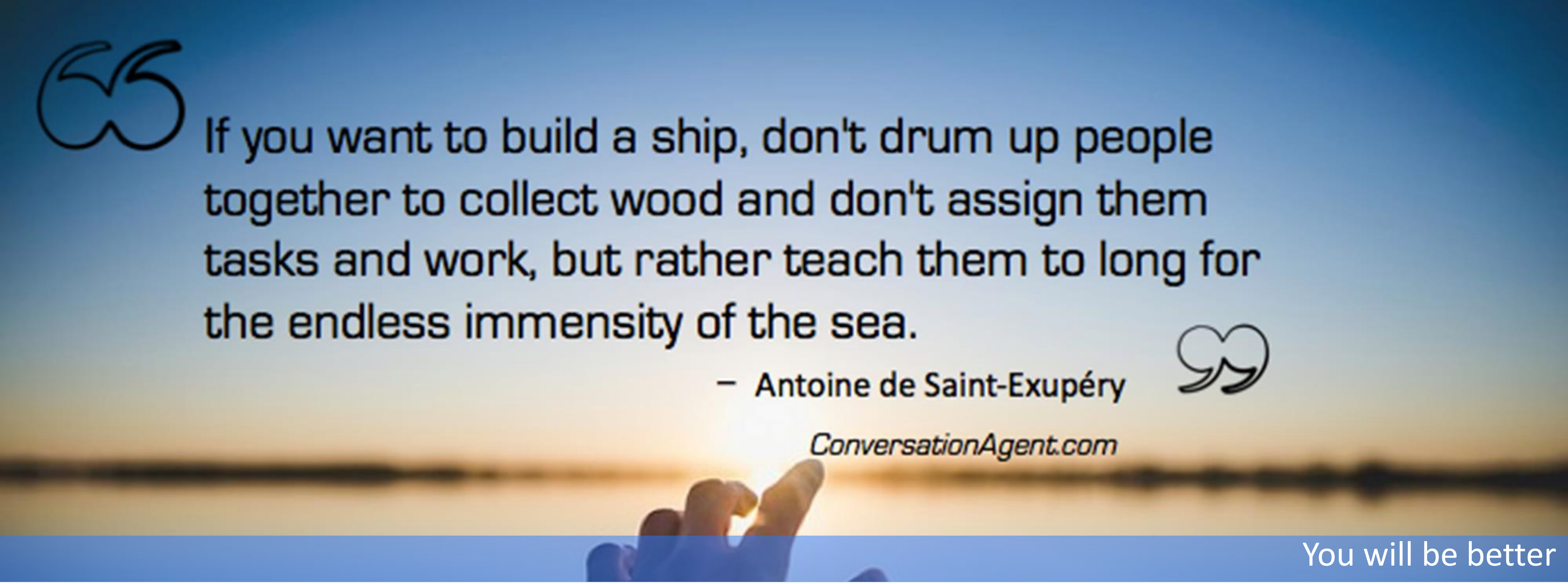
How is it played? By a Business? By a Department? By YOU?

Let me make this clear.

And it's the same reason why I give these kind of talks for free.

IF YOU DON'T CHANGE YOUR MINDSET TO BE AN INFINITE GAME PLAYER,

YOU DON'T STAND A CHANCE.



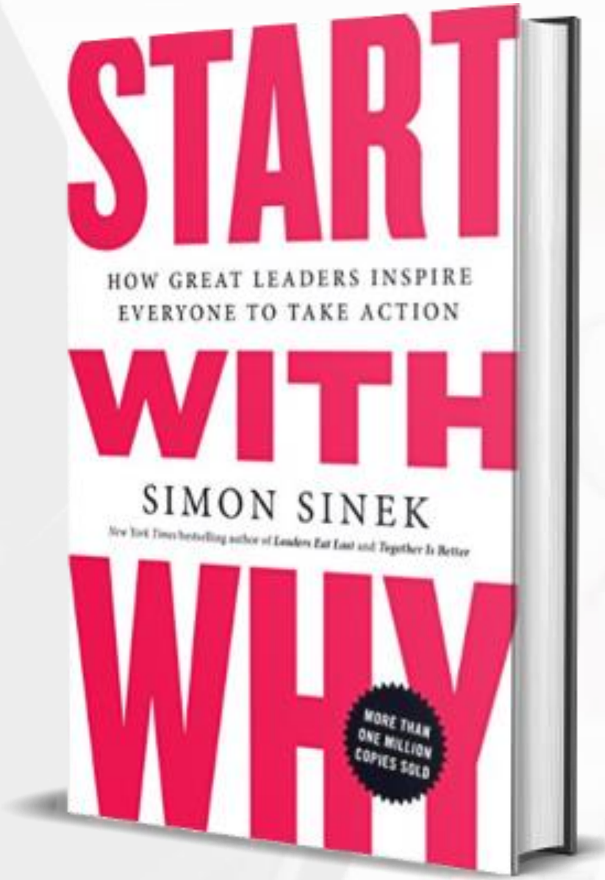
LEARNING TO PLAY THE INFINITE GAME

Part 3 – How to Play the Infinite Game: Rule 1 of 5

By Ernie de los Santos

TOP GUN COACHING

Rule #1 for Playing an Infinite Game: *Advance a Just Cause*



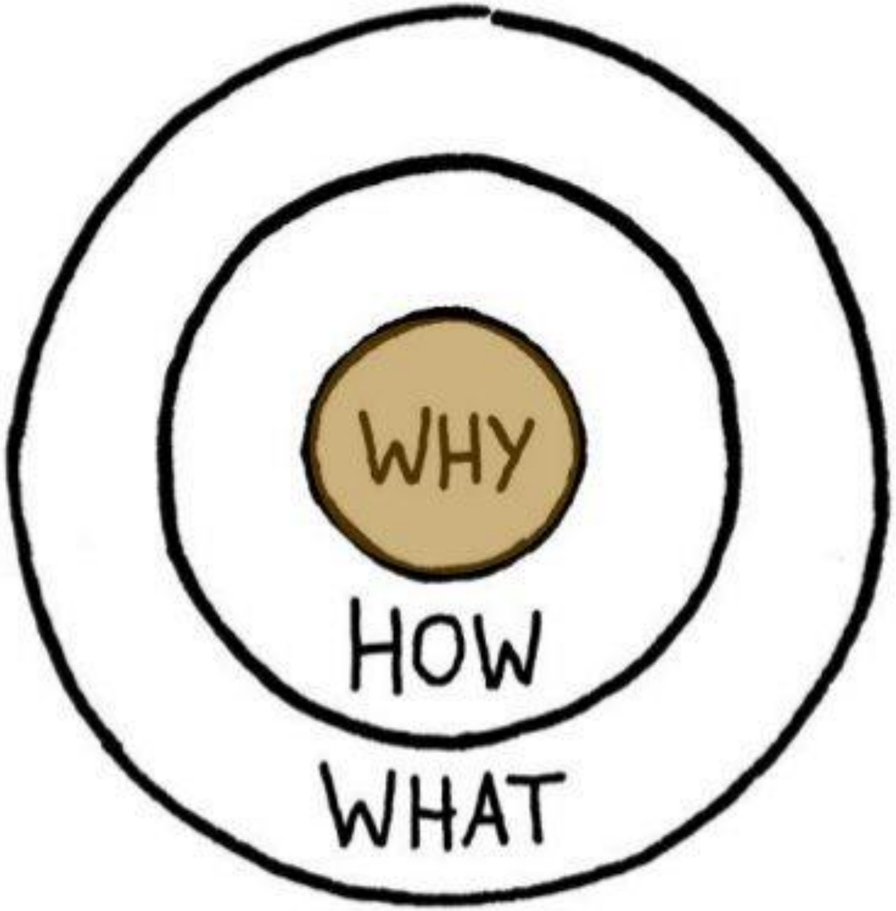
To play the Infinite game, you must promote a big-picture vision that provides a framework for your corporate strategies.

- **It provides a base concept for all decisions you make.**
- **It inspires people to work hard and make sacrifices because they believe in the cause.**
- ***A Just Cause has five elements:***
  - It stands for something, not against something.
  - It is idealistic, inspiring, bold, ultimately unattainable.
  - It is inclusive, invites and inspires others to join.
  - It is service oriented, aimed to benefit others.
  - It is resilient, can endure technological, cultural, political, industry changes.

The Golden Circle

Simon Sinek discusses the principal behind every successful person and business. A simple but powerful model for how leaders inspire action, starting with a "Golden Circle" and the question "Why? “

"First why and then trust."
- *Simon Sinek*



What
Every organization on the planet knows WHAT they do. These are products they sell or the services they offer.

How
Some organizations know HOW they do it. These are the things that make them special or set them apart from their competition.

Why
Very few organizations know WHY they do what they do. WHY is not about making money. That’s a result. It’s a purpose, cause or belief. It’s the very reason your organization exists.

Infographic published by Neil Beyersdorf
linkedin.com/in/neilbeyersdorf

You will be better

LEARNING TO PLAY THE INFINITE GAME

Part 3 – How to Play the Infinite Game: Rule 2 of 5

By Ernie de los Santos

TOP GUN COACHING

Rule #2 for Playing an Infinite Game: *Values over Interests*

To play the Infinite game, you must make decisions based on <u>your VALUES</u>, not simply your interests.

- **Run all decisions thru your VALUES first, and THEN thru your INTERESTS.**

But your Values must take precedence,
even if the decision conflicts with your Interests.

(Think why we treat wounded enemy soldiers and bring them into our hospitals… we don't just let them die.)

(Think why we only did torture offshore, instead of in Nebraska - because it's not really us, is it?)

Why are “Values” important?

VALUES are how decisions are made.

- **Do you have a set of guiding principles for making decisions? Are they useful? Are they *real*?**
- **Can anyone in your company use them to decide between two different courses of action?**
- **Do those principles provide you with the right criteria against which to choose an appropriate course of action?**

How Does Your Company See Their "Core Values"?

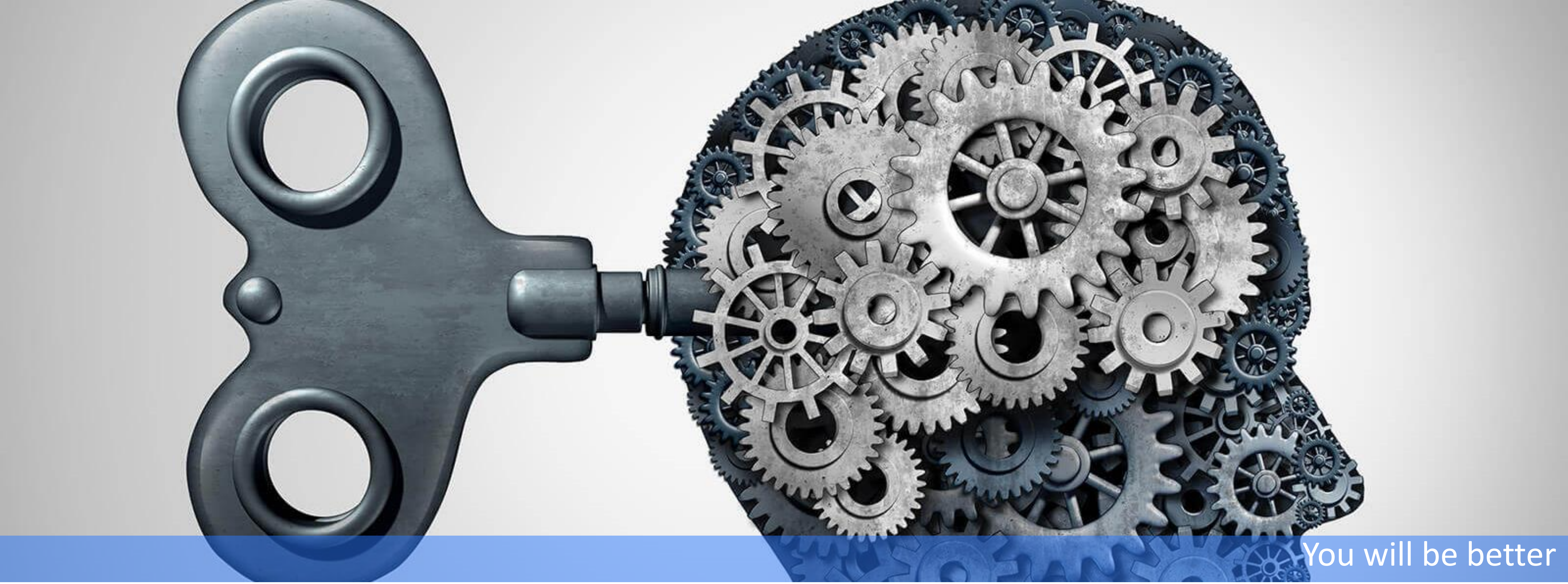
How does a Finite Player see their values?

This is how an Infinite Player sees their values!

Your Company *may* have a list of Values… have you seen them?

An Infinite Player's list of Values might include…

- ***Commit!***
- ***Take Initiative***
- ***Encourage Innovation***
- ***Pursue Intimate Technical Knowledge***
- ***Strive for Continuous Improvement***
- ***Preserve Your Integrity***
- ***Empower at All Levels***
- ***Prioritize Teamwork over Silos***
- ***Exercise Openness***
- ***Be on Time Always***
- ***Lead at Every Level with Courage***



LEARNING TO PLAY THE INFINITE GAME

Part 3 – How to Play the Infinite Game: Rule 3 of 5

By Ernie de los Santos

TOP GUN COACHING

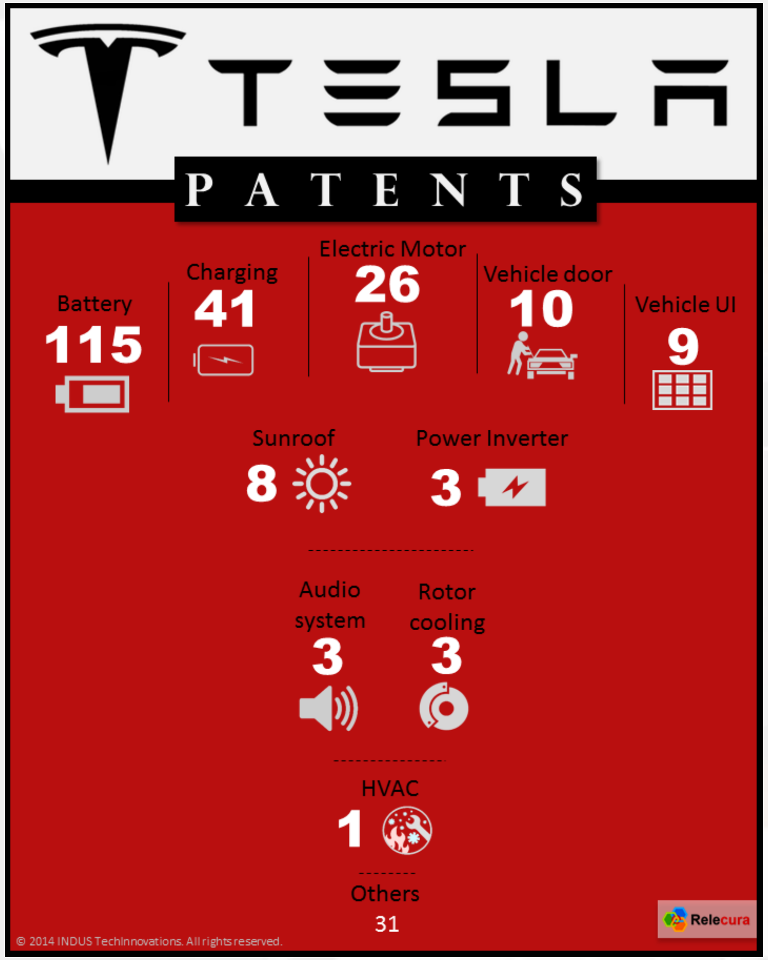
Rule #3 for Playing an Infinite Game: *YOU are your only Competitor*

- **Why not focus on your Rivals as competitors?**
  - That's Finite thinking… *and you know what that leads to…*
- ***You can't change anyone but yourself***
- ***Continuous Improvement IS the game***
- ***Continuous Learning is required***

Question: ***How do you view errors?***
(e.g., rejects, returns, refunds)

- *Do you see them just as mistakes to be "corrected"?*
- *Or do you see them as an Opportunity to Get Better?*

Tesla's Infinite Mindset – A Positive-Sum vs. Zero-Sum Game



https://startupnation.com/manage-your-business/teslas-open-source-patent-strategy/

- **In a Zero-Sum Game, there must be losers if there are to be winners.**
- **In a Positive-Sum Game, the success of some players contributes to the success of all players.**
- **Example:**
  - In 2014 Tesla CEO Elon Musk made Tesla's patents freely available to any competitors who want to use them "in good faith" to develop Electric Vehicles.
  - His just cause was to accelerate the advent of sustainable transportation. That move fit his cause.
  - Effectively, he positioned his competitors as partners, instead of rivals.

How are you doing at competing with yourself?

The Typical Viewpoint…

"Product Management" = *problems are a <u>given</u>*

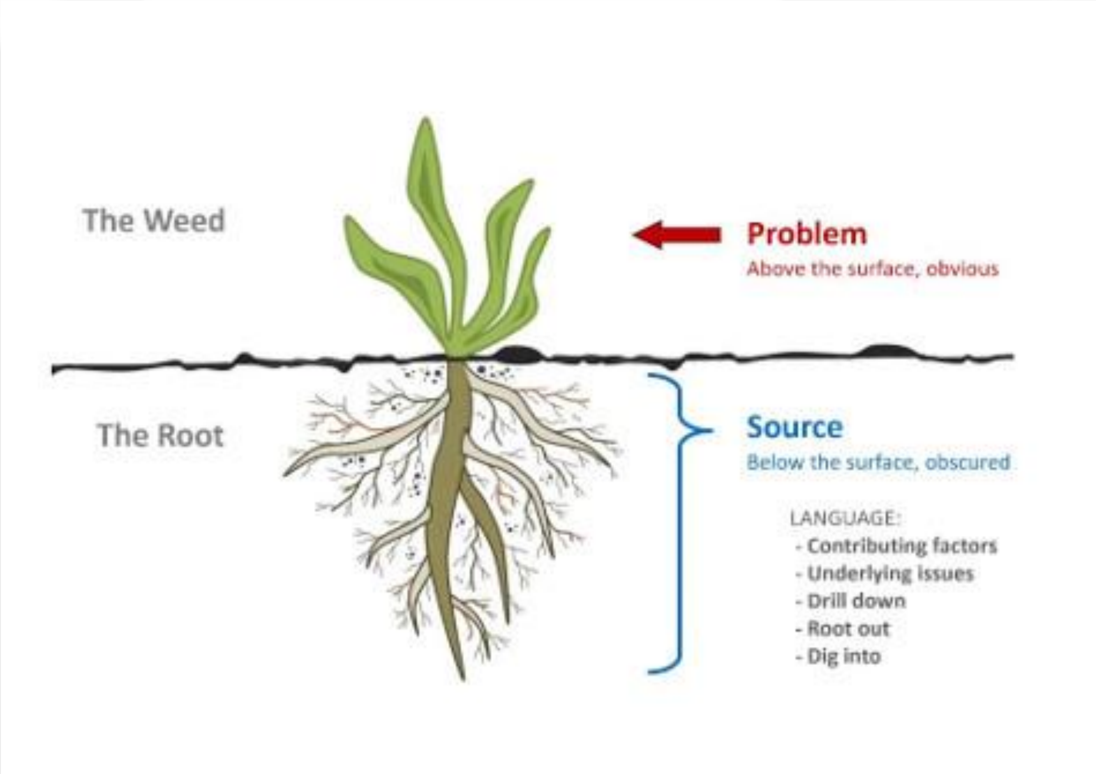
- Inefficient and ineffective at best (works in no industry)
- Root causes are never addressed
- NOTHING about such processes are PROACTIVE

Why not start promoting "Excellence" instead of accepting that you're always going to have problems that you can't fix?

- *"Product Excellence Department"*
- *"Marketing Excellence Department"*
- *"Sales Support Excellence Specialist"*

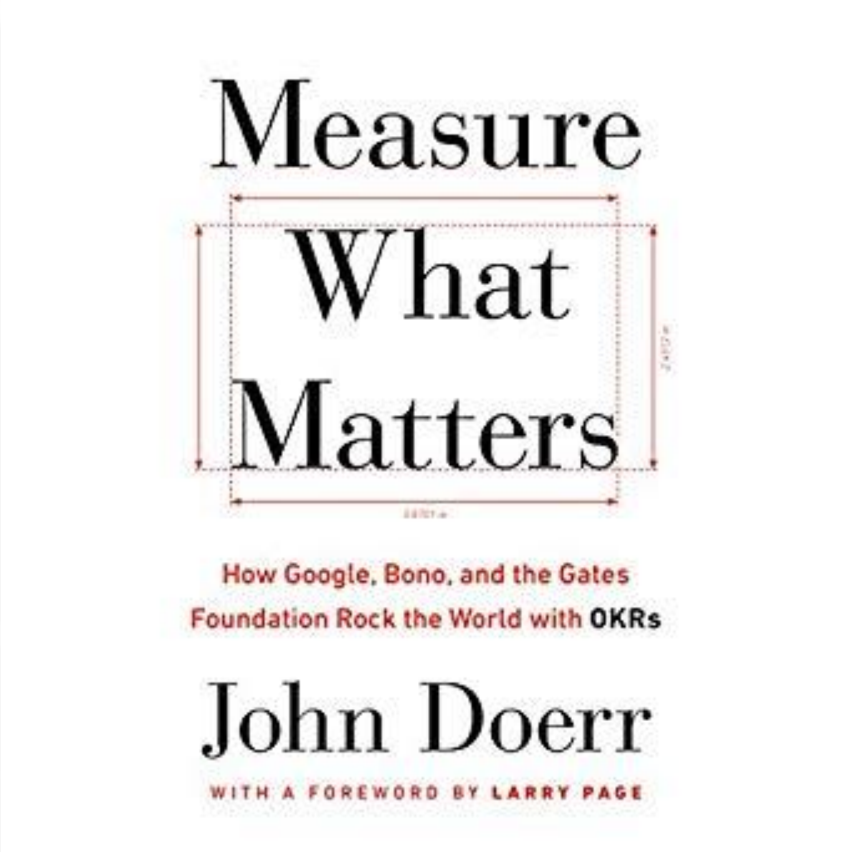
Continuous Learning is NOT Optional!

How do you "compete with yourself"?



- **Forget "*Fix it in the back end*"**
  - *Dr. Phil: "How's that working out for ya?"*
  - If you break a mirror, you can glue it back together, but the image will always have cracks in it…
- **Don't Manage; Avoid: *Pursue Excellence*.**
  - Attitude, then Process, and must have both…
- **Ask "Why"**
  - Fix the right problem – the root cause
- **Beware of Fragmentation**
  - *Does it matter how fast you deliver a pizza if it tastes like the box it came in?*

Measure What Matters



- **What are your KPIs measuring?**
  - **What's the purpose behind each one?**

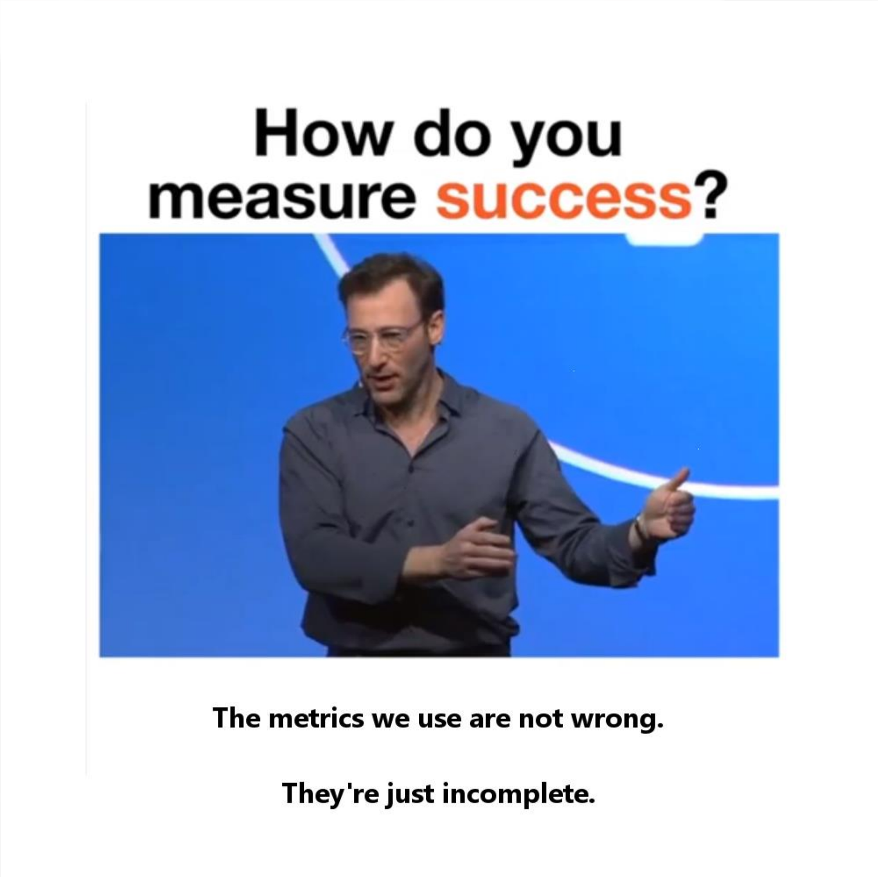
    …e.g., what does the number of shipments sent out really measure?

  - **How do you measure "improvement"?**

    …i.e., "improvement" itself is too vague, so you need to measure something tangible

There's a bunch of good examples of OKRs at okrexamples.co to help you get a grip on how that works.

Metrics vs. Momentum



- **What do your KPIs tell you?**
  - **You NEED Metrics**
    …e.g., of course you want to measure the number of shipments sent out, but what does that mean?
  - **But do they support your PURPOSE?**
    …i.e., are you looking at only the short-term gains?
  - *…or can you see your CAUSE being advanced?*

https://youtu.be/slAQaaPMkFo

Or just Google "Simon Sinek Momentum"

Recommended: Learn about OKRs

Objectives and Key Results (OKRs)

- FOCUS on setting 3-5 most important company, department, team, and personal goals (Objectives)
- connect each Objective with 3-5 measurable results.
- As you achieve those results, the percentage of the entire Objective increases, so you can see the progress towards your aspirational goals.
- a bunch of good examples of OKRs at okrexamples.co

LEARNING TO PLAY THE INFINITE GAME

Part 3 – How to Play the Infinite Game: Rule 4 of 5

By Ernie de los Santos

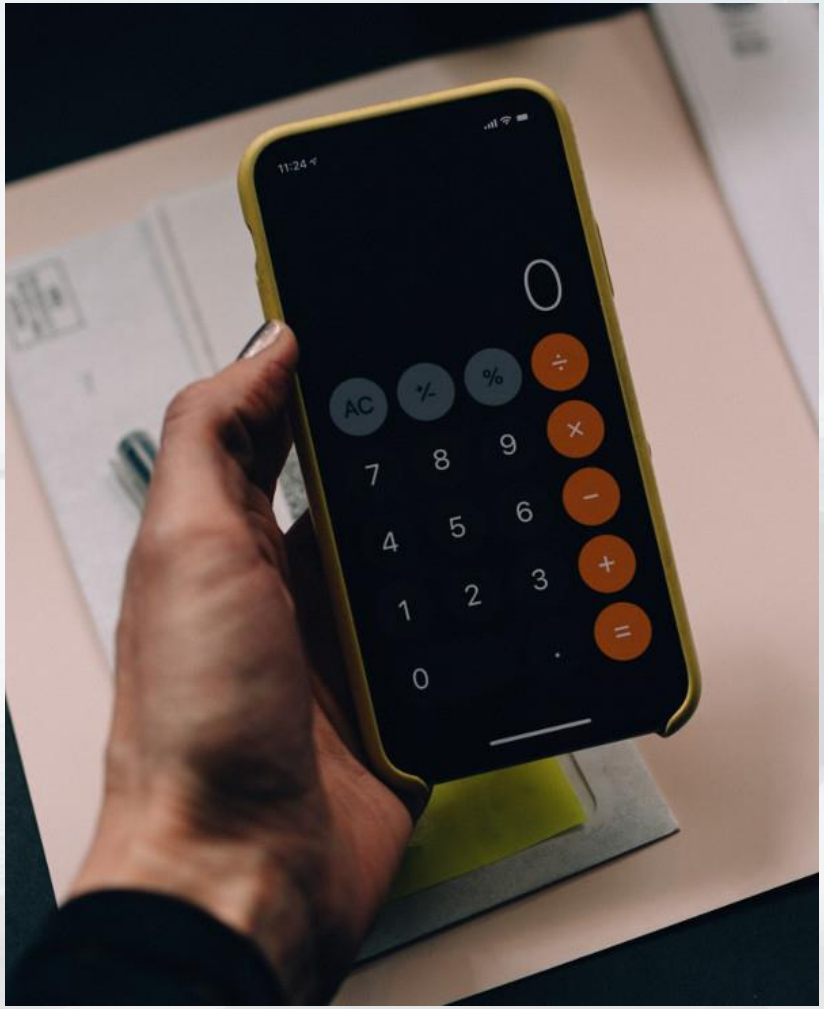
TOP GUN COACHING

Rule #4 for Playing an Infinite Game: *Be Prepared to Change Everything*

When opportunities show up, PIVOT:

- ***Zoom in or out:***
  - *Narrow or expand a product's focus*
- ***Target new customers or customer needs:***
  - *Redirect to a different market segment or address a different specific problem they have*
- ***Change your sales channel:***
  - *If you sell through stores, consider selling directly to consumers or vice versa*
- ***Incorporate New Technology:***
  - *Your entire business model might change with technology, like when Netflix started offering streaming instead of DVDs*

What Financial Changes were made due to the COVID-19 Pandemic?



- **Did you see Revisions to:**
  - Financial Performance Targets
  - Cash Flow Projections
  - Operational Plans

- **What did those revisions affect & will they continue?**
  - The impact of **increased supply costs** and potential supply chain disruptions
  - The effect of **rising labor costs** due to extended operational demands
  - The **balance sheet implications** of declining investment income due to equity losses
  - The possibility of **payment disruptions** affecting prompt payments for services/products delivered

What about Working Remotely?

- **Employees working from home or even only partly working from home must be enabled to continue their work from remote locations, to ensure uninterrupted operations and even cash flow.**
- **IT needs to support secure, remote operations of many kinds**
  - **Robust work-at-home platforms**
  - Encryption both for data at rest and data in flight
  - Multifactor authentication
  - Secure operating environments
- **Cyber Security (encryption capabilities) needs to be built into laptops and remote workstations to reduce or eliminate breach risks surrounding the transfer of proprietary or private data.**
- **Virtual private networks (VPNs) and multi-factor logon authentication should be enacted.**

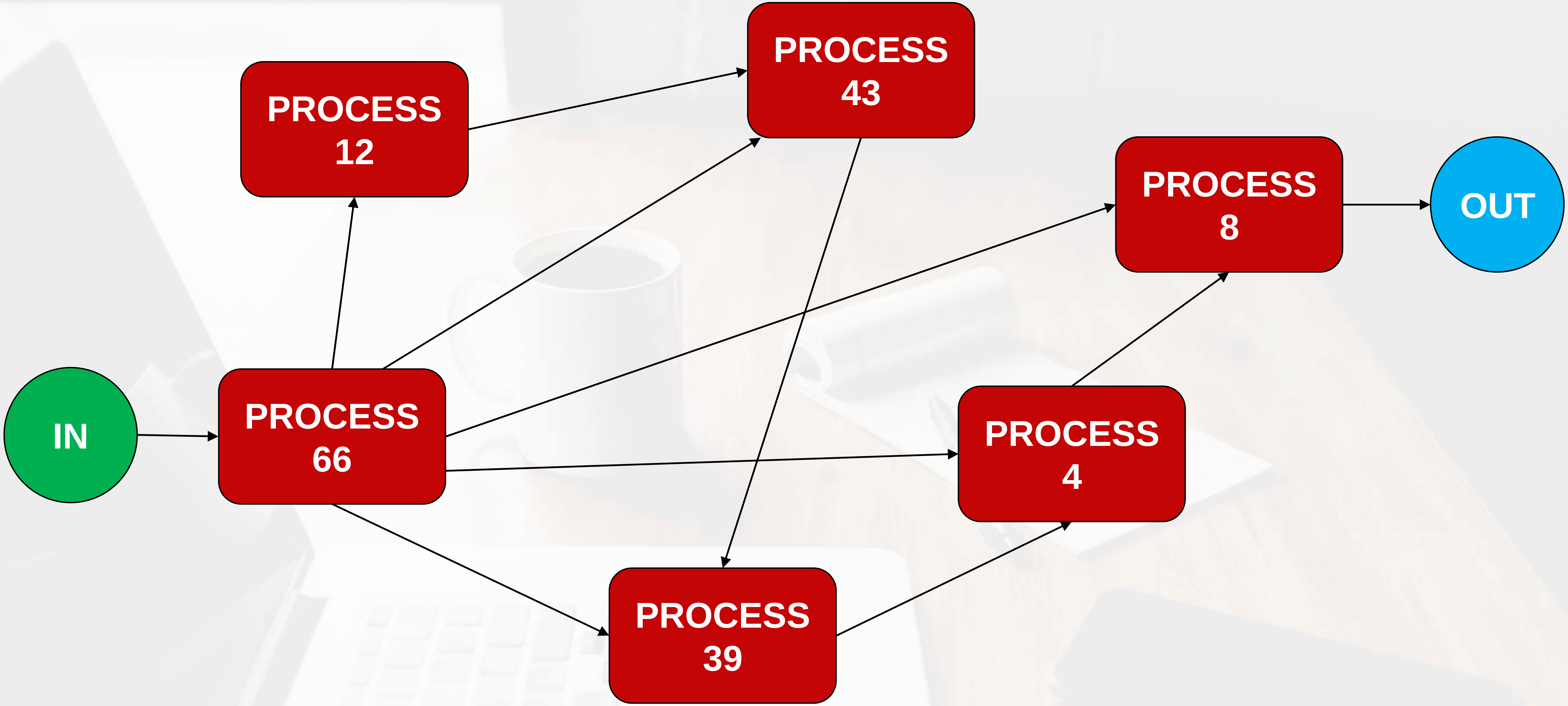
You might even need to change how you approach problems…

- Are you ignoring the Elephant in the Room?
- Are you trying to solve "portions" of it instead of addressing the main root cause of it all?

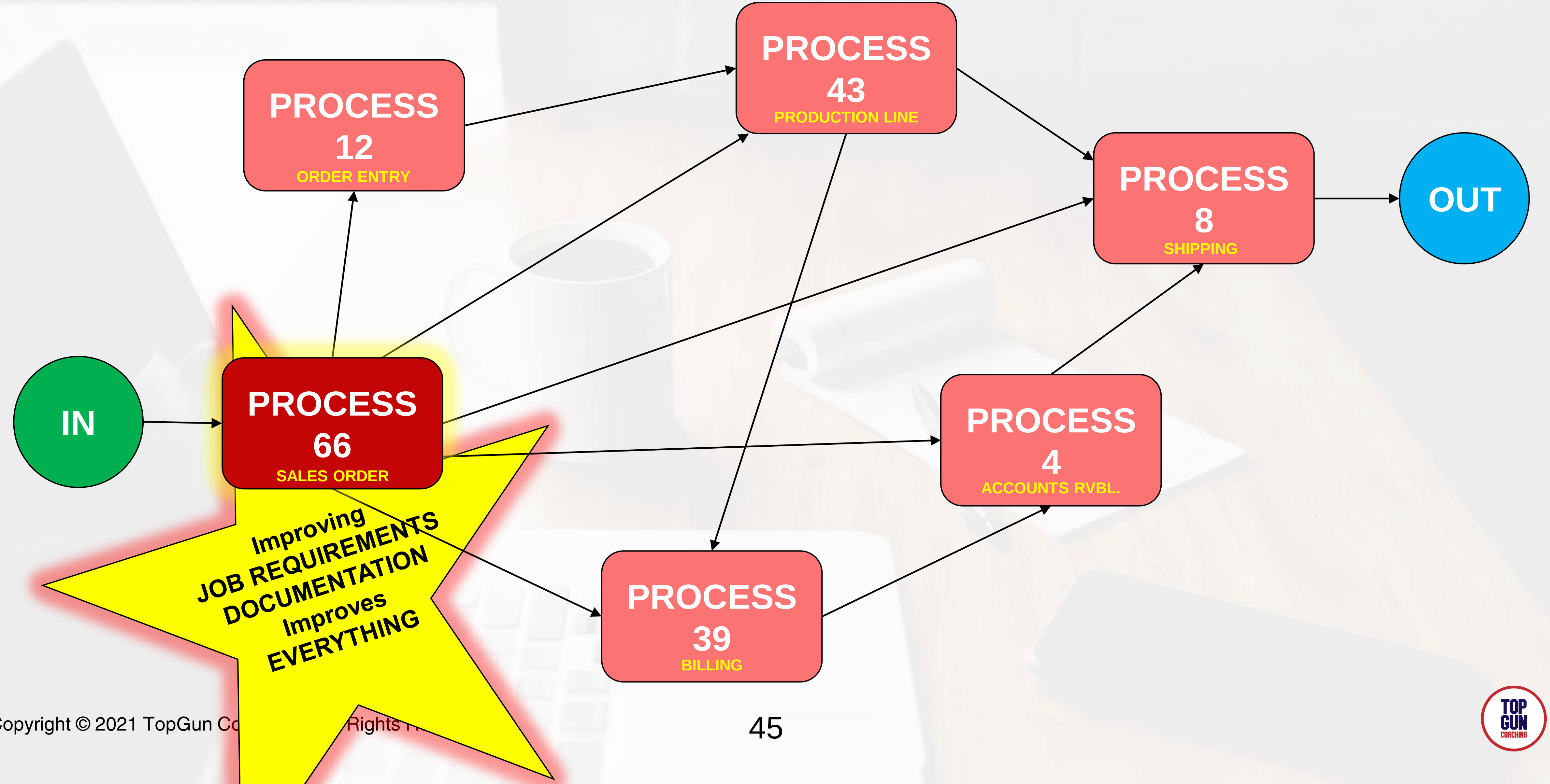
IMPORTANT:
If you cut the Elephant in two…

You don't get two Smaller Elephants.

What to change to Improve Throughput?



Fixing the Bottleneck is how you improve THROUGHPUT



LEARNING TO PLAY THE INFINITE GAME

Part 3 – How to Play the Infinite Game: Rule 5 of 5

By Ernie de los Santos

TOP GUN COACHING

Rule #5 for Playing an Infinite Game: *Play to keep playing.*

- **No one can WIN an Infinite Game**
  - *Yes, there are Finite games within it*
  - *Yes, you can win <u>those</u>*
  - *But never think you've "won" when you win <u>those</u>*

- **But you CAN pursue two goals:**

1. **Play to Preserve Your Will and Resources**
   so you can continue to play the game…

2. **Play to frustrate your Opponents and make them waste their Will and Resources**
   so they will drop out of the game…

How do you play to FRUSTRATE another Infinite Player?

True Story:
A small town's Police Department was made aware of a house where drugs were being sold. Of course, this was unacceptable.

Typical Police Response would be…

- **Gather an armed team to storm the house**
- **Storm it and clean it out, arrest the culprits found there**

But this PD had New Idea…

- **Walk up to the door, knock, let them know that Police would be watching the house, unannounced, at random times, every day.**
- **Have cruisers sit nearby every day, or drive by, or take lunch there, etc.**

Result

- **The drug dealers found it difficult to do business with Police nearby**
- **They moved out of the house and left the neighborhood.**

Can this strategy be duplicated by a Your Company to frustrate Aggressive Players in a similar manner?

How do you play to FRUSTRATE another Infinite Player?

True Story from Dr. Johar: *(I had several to choose from…)*
Sepsis Denials were appearing as Clinical Validation denials, even 6 months after initial approval by payer. How to fight them?

Typical Provider Response would be…

- **Try for P2P, but then payer allows no more discussion**
- **Try writing an appeal on the merits, despite payer's lack of cooperation**

But Dr. Johar had New Idea…

- **Engage and coordinate with ALL the revenue cycle departments**
- **Show payer how even other external auditors/reviewers were approving of how her hospital excelled at handling Sepsis**

Result

- **The payer accepted her arguments and reversed the denial**
- **The payer reduced their denials for Sepsis**

Does this mean Dr. Johar was the WINNER?

Does this successful strategy mean Dr. Johar WON?

She was certainly WINNING…

AT THAT TIME.

If you can install a process that frustrates the other Player… you can see significant results, just like Dr. Johar did.

BUT <u>REMEMBER</u> – THIS IS AN <u>INFINITE</u> GAME…

As long as that Player knows you have a good working process, they may test your process, but they won't spend too much time on it, because it costs them money to do so, and if they know they will be in for a fight and likely lose, they won't bother.

Caveat: Despite this excellent process installed by Dr. Johar, after she left the hospital, the process reverted to old habits and denials climbed once again…

You will be better

LEARNING TO PLAY THE INFINITE GAME

Part 4 – Some Answers to Common Questions

By Ernie de los Santos

TOP GUN COACHING

Now Let’s Deal with Your Questions

…because I’m sure you have some…

Here are My Answers to Some Common Questions

How do I convince my bosses to change the way they play?

- **Unfortunately, that's not likely.**
- **But you can look for a boss who plays the right game, the right way, and understands**

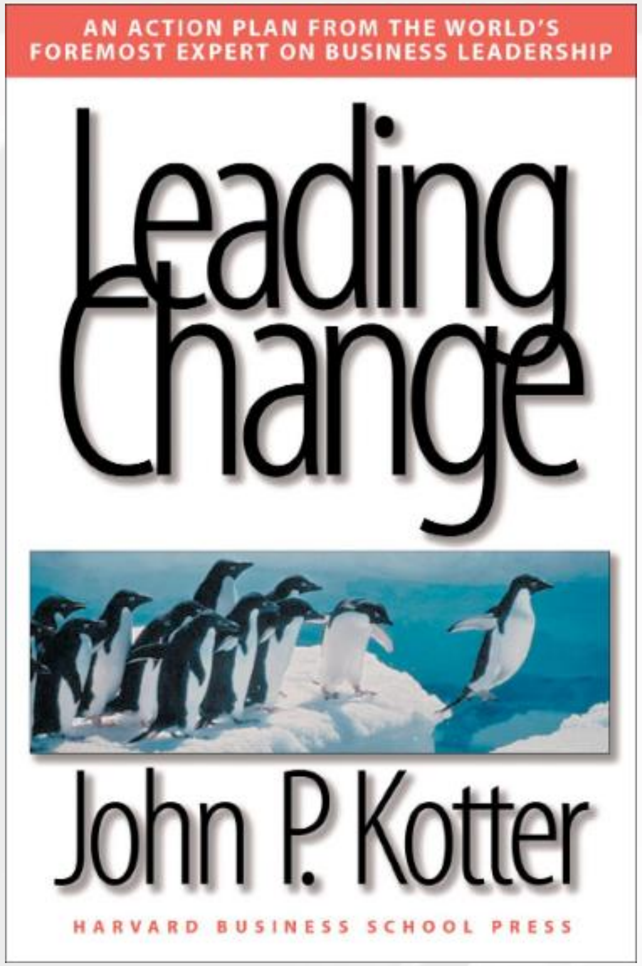
(yes, they exist, you just need to look for them)

How do I play this way if I don't have a title or authority to make changes?

- **You chose to be a Leader.**
  - A title may give you authority, even lots of that, ***but it doesn't make you a leader***
  - Choose to cooperate with others, to share your expertise, and take care of those on your right and your left
- **YOU play by a new set of rules.**
  - What **Values** will you use to make decisions?
  - Can you define a **Creed** of what you strive for and why?

Why have a written set of CORE VALUES?
Why have a CREED?
And what do those two things look like?

How do I make this kind of change happen?



https://amzn.to/36pqalQ

Kotter identifies several key steps for leading successful organizational change:

- Instill a sense of urgency.
- Build your change leadership coalition and secure commitment from leaders in your organization.
- Articulate your vision of where you ultimately want your organization to go.
- Sell your vision to your organization with a well-crafted vision statement.
- Remove roadblocks and barriers to change.
- Establish intermediate benchmarks and celebrate incremental victories.
- Reshape the corporate culture to cement your gains.

How do I make this kind of change happen?

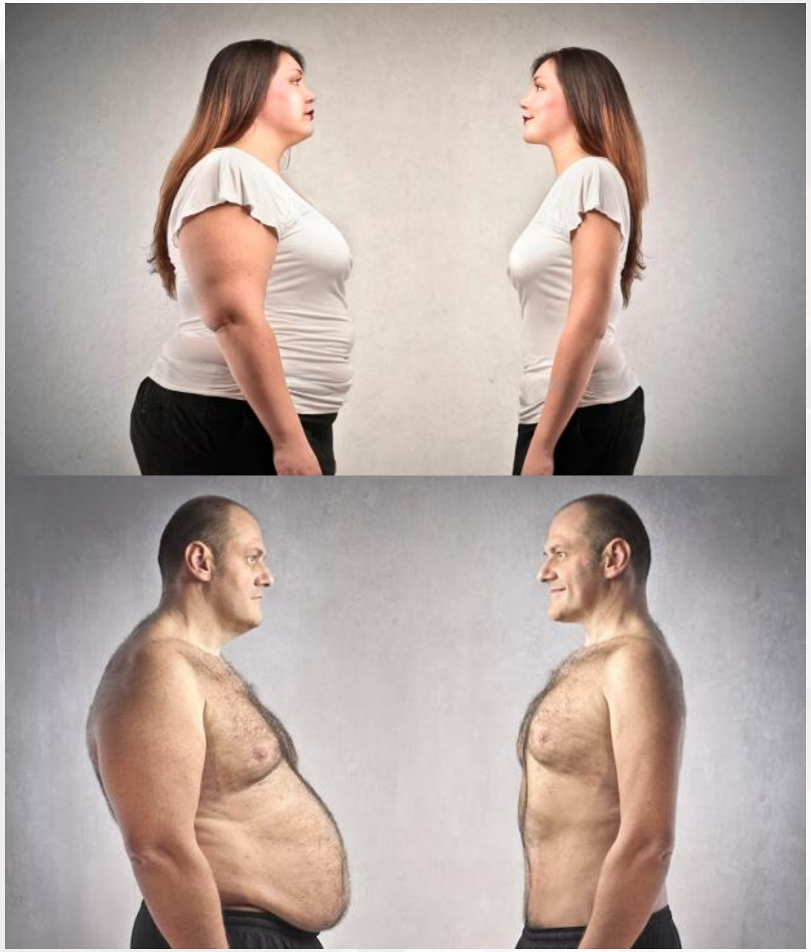
Gather all relevant data and create a compelling presentation to show the effect(s) of the problem.

- Get agreement that it IS a problem.
- Describe what a solution would LOOK LIKE.
- Propose your solution…
- Get agreement the solution would work, doesn't cause other problems, and that it is doable.
- Get my Ebook for a more detailed plan on how to accomplish the above presentation…

DOWNLOAD IT FOR FREE

https://bit.ly/rtc-v2

Why think about VALUES: Aspiration versus Inspiration



Most Marketing uses aspiration to manipulate prospects (you and me)

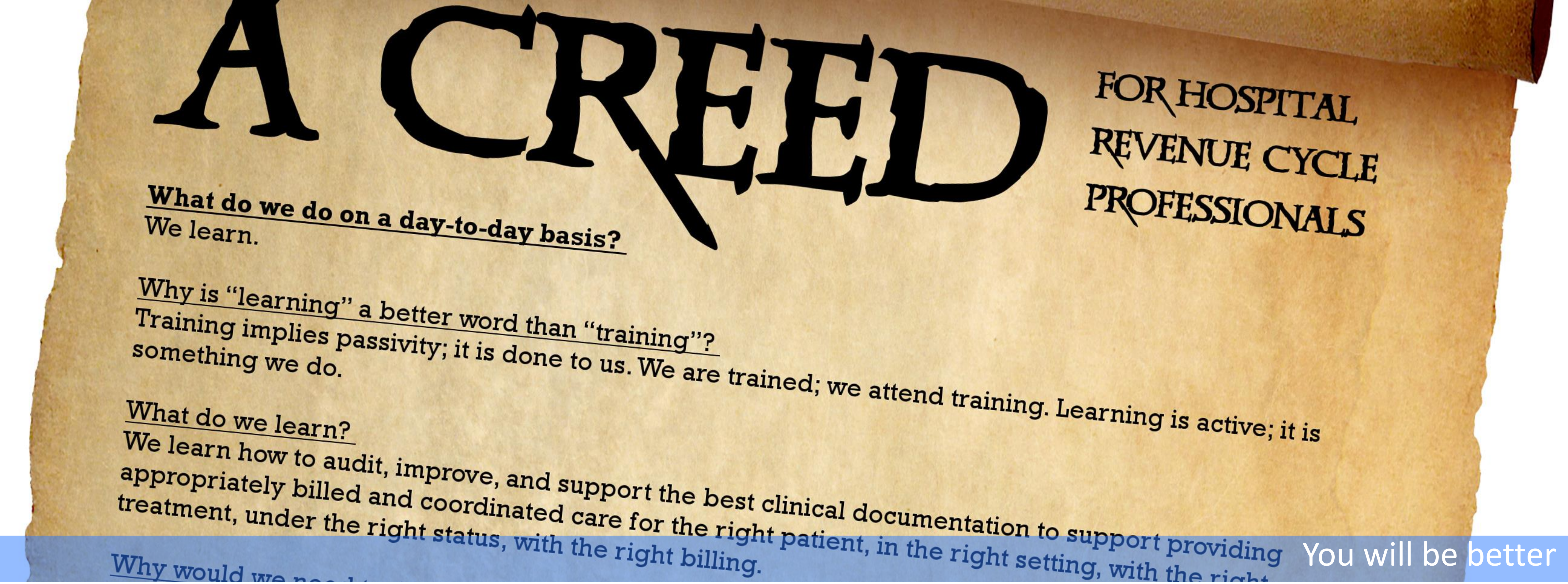
FEAR is the big one…

You can get people to JOIN a gym by Aspiration.

But to get them to GO the gym…

That takes Inspiration.

And LOYALTY is only built via Inspiration.



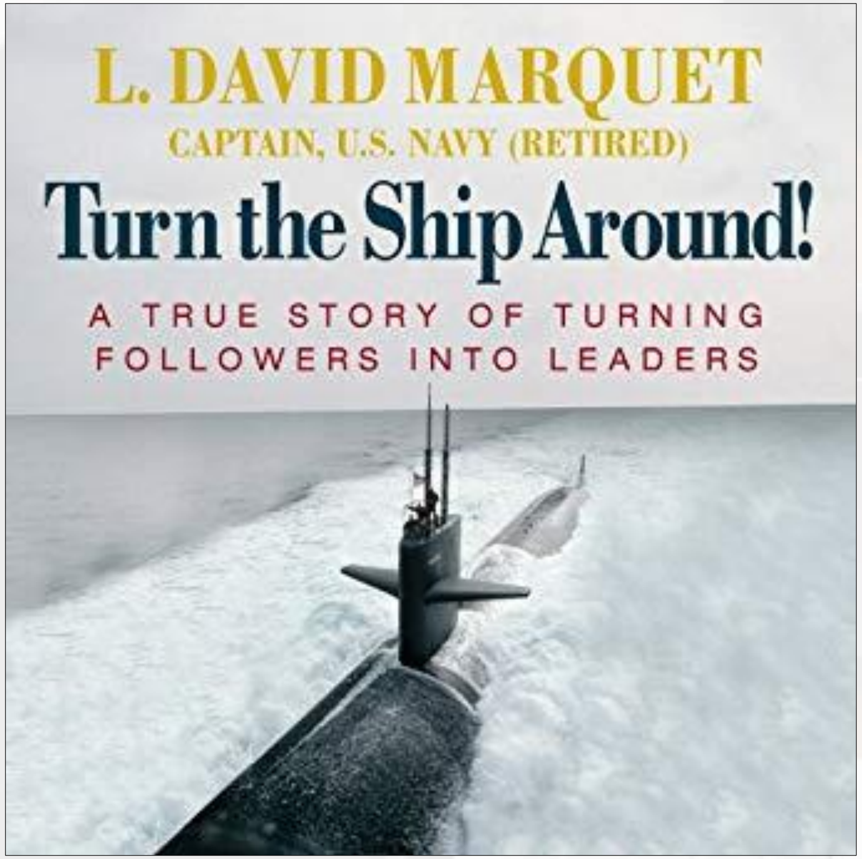
LEARNING TO PLAY THE INFINITE GAME

Part 5 – Why You Need a CREED

By Ernie de los Santos

TOP GUN COACHING

What is Your Personal & Professional Vision?



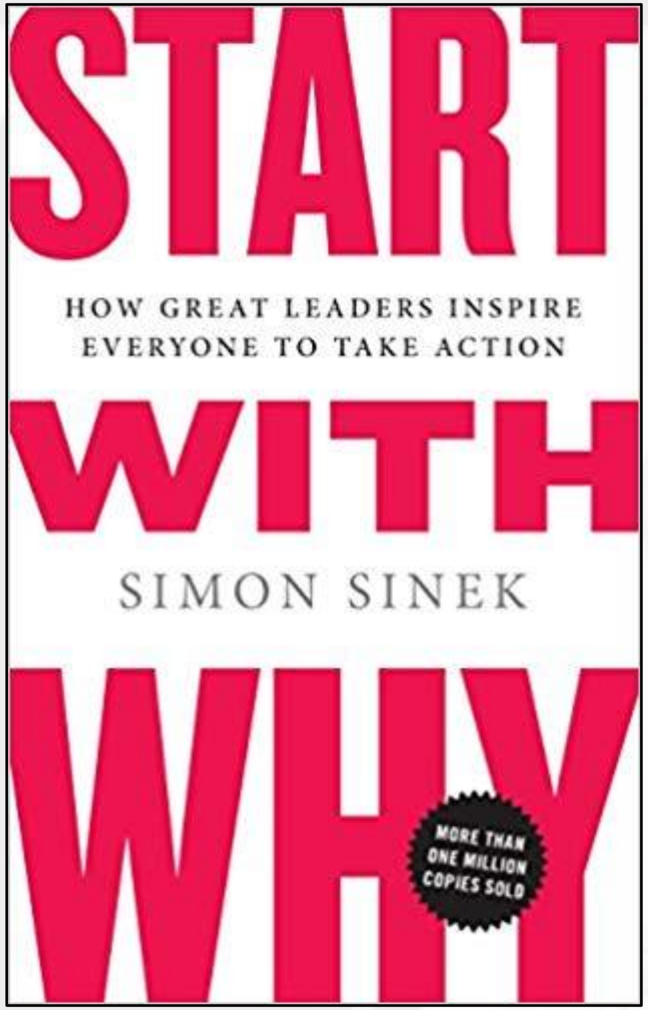
"*Achieve Excellence, don't avoid errors,*
is a mechanism for Clarity."

David Marquet, Captain, USN (ret)

Questions to Consider for Everyone:

- Are your people trying to pursue excellence, or just avoid mistakes?
- Has your org become action averse because sometimes taking action results in errors?
- Have you let error reduction programs sap the life-blood out of initiative and risk-taking?
- Do you spend more time critiquing errors than celebrating success?
- Are you able to identify the symptoms of avoiding errors in your workplace?

How to begin promoting Excellence at your Company/Department



Your Values and Creed can inspire your people to strive for EXCELLENCE.

Why get out of bed in the morning?

Why does your department even exist?

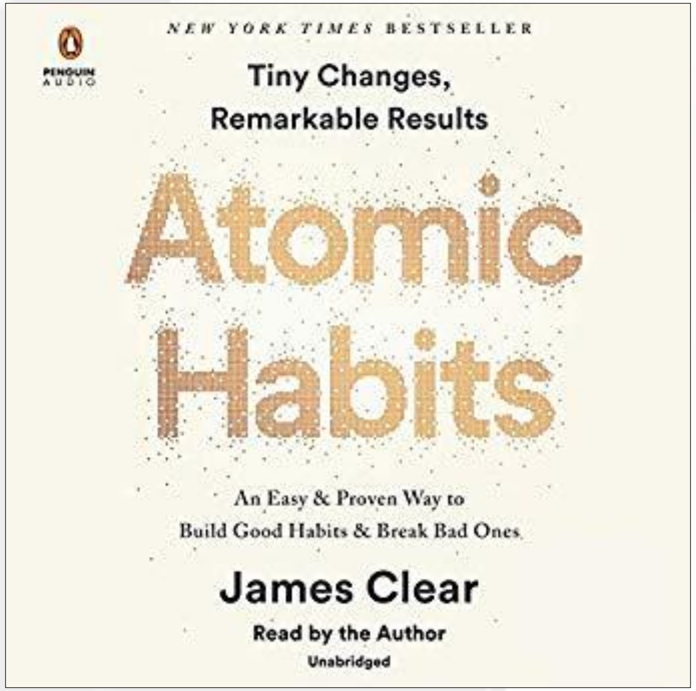
Why does your job exist?

Why should anyone even care?

Review the Creeds I've suggested…

The answers to those question are THERE.

Recommended Reading to Promote Excellence



#12 Amazon Best Seller

- **Creating The Golden Circle**
  - Start with Why: How Great Leaders Inspire Everyone to Take Action
- **Real Leaders Make More Leaders**
  - Turn the Ship Around!: A True Story of Turning Followers into Leaders
- **Leadership Isn't About Your Title**
  - Leaders Eat Last: Why Some Teams Pull Together and Others Don't
- **Enabling The Fifth Discipline**
  - The Fifth Discipline: The Art & Practice of The Learning Organization
- **Seminars, Advanced Education, & Follow-up Programs**
  - Factfulness: Ten Reasons We're Wrong About the World--and Why Things Are Better Than You Think

"If you hear a voice within you say 'you cannot paint,’ then
by all means paint, and that voice will be silenced."

--Vincent van Gogh

You will be better

Ernie de los Santos

www.TopGun.Coach

ernie@topgun.coach

830.468.5868

TOP GUN COACHING