



# The ROE Manifesto

How to Maximize Your Return On Energy

R. Michael Rose

**Return on investment measures the rate of return on investment of time and money.** There is only so much time and so much money, and both can be exhausted if not invested wisely. The same can be said of investing your energy. Just like time and money, energy can be exhausted. It's easy to measure how much time we have or how much money we have left, but energy is something that is harder to measure, and seems much less tied to business results. Until now.

Having an (some may say overly) analytical view of the world, I have brought an analytical thought process to an area where we are told analytics don't belong. We tell ourselves we cannot manage what we cannot measure. But you can mentor instead of manage (and like it) if you see business through a new and different lens. That new lens is ROE.

ROI is only half of the equation for operating a successful business, but it is ninety percent of our focus! ROE, or Return On Energy® is as much a factor on positive business performance as ROI. I would argue that it is more important than time or money. If you increase your ROE, you will power up and increase your ROI too. If you increase your ROE, you will increase

the performance of the human capital that drives the business. This outlook helps build a well-balanced business. How many businesses do you know that are well funded, have the same amount of time as the competition, but struggle to keep up and ultimately fail?

If you truly want to create sustainable ROI, you first must become aware of ROE. Knowing something exists is one thing, but being disciplined enough to learn it, practice it and improve upon it is a completely different story. Personal development is the cornerstone of this methodology.

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What is exciting to consider are the results of increased ROI as a result of focusing on ROE. Sure, ROI is about increasing your money over time, but consider the other benefits: Faster, better innovation, employee engagement, and a higher level of passion from all the seats in the organization.

ROE is made up of three ways of thinking and communicating. Way One, Way Two and Way Three. It is critical to align the Ways in the right order. A Way is described as a way-of-thought as well as a position or title one occupies (your seat on the bus, if you will).

Each Way in a company, regardless of the size of the company or the position one may occupy, has only two desired results.

In order of importance, the first is a “people result,” and the second is a “position result.” This is the first shift in thinking to power ROI with the ROE methodology.

A people result is, first, taking an interest in your own personal development and, second, mentoring someone else—usually a direct report or an individual on your team. If that person too is investing in himself or herself, then they will value being mentored by someone who has similar personal development values. Once that mentee advances to a level of management

Way One: Chief Vision Officer



The **Way One** is the company's idea architect. Focused on “the bigger picture,” Way Ones provide the vision and set the business objectives.

Way Two: VP of Vision



Way Twos then take the rough sketch of the Way One's idea and develop a strategic plan that aligns with the vision and the business objectives in order to bring the idea to action.

Way Three: Vision Coordinator



Integral to any company are the **Way Threes**—the action officers, the people who perform the tasks that accomplish the steps that make up the strategy and bring everything to fruition.

where they are responsible for other people, not just themselves, they apply their experiences to continuing to develop themselves in their new role and pay it forward by becoming the mentor.

A position result is how we measure someone's performance, be it a sales quota, number of parts made per shift or how many tax returns you filed this season. Position results are usually tied to pay incentives and bonuses. This is absolutely necessary in any position in any business. But, if you want to increase position results, invest in people, increase engagement in the organization and position results will soar.

Each Way has a specific people result and a specific position result. You can only connect a Way to one of his or her two desired results if you know which Way someone is more inclined to think and not so much what seat they occupy. People walk around with the wrong titles all the time, so title is a poor indicator of how someone is predetermined to think, much less your expectation of how they should communicate.

### **There are three Ways and two results for each Way.**

Each of the Ways are naturally connected in the ROE communication chain. This is contrary to the traditional structure of the top down, bottom up organizational model we see today. Think this sounds too simple? Keep reading, because simple does not mean easy. And this simple methodology will have a profound impact on your career and your company.

Employee engagement is one of a company's biggest management challenges. The world's top-performing organizations understand that employee engagement is a force that drives performance outcomes. In the best organizations, engagement is more than a human resources initiative—it is a strategic foundation for the way they do business.

Vision and strategy must be effectively translated across the organization touching every Way in every seat. Getting the right resources in the right roles, getting staff buy-in across the organization, driving ideas to positive action, finding top talent and keeping it is paramount to any organization. Just as important are effective internal communications in the organization and each of its departments.



The ROE Loop.™

# The Three Ways of Business



**Way One:** The Way Ones are the chief vision officers. They are the dreamers, the innovators, and the grand architects. They are the idea men and women who see a problem or a challenge and say, “Why not?” They are the entrepreneurs who do what others have adamantly said could not be done.

The Way One contributes the vision, describes a milestone that the firm will reach sometime in the future. Vision is a forward-oriented, long-term view, and its scope is as broad as the horizon. In fact, this vision may require decades to fulfill, but Way Ones are the reason businesses are able to make plans as far out as ninety-year leases and twenty-year objectives.

Not everyone can see the same vision as the Way One. Instead, it is the responsibility of the Way One to see everything from, as the saying goes, “forty thousand feet.” Their job isn’t so much to focus on the details, but rather on the end goal. However, this goal has to be a living, growing vision; otherwise, it is unlikely that the organization will live up to it and continue to be successful.



**Way Two:** There are days when the Way Two will tell you it's like the lyrics to the Stealers Wheel hit from the 1970s: "Clowns to the left of me, jokers to the right, here I am stuck in the middle with you."

Conventional wisdom says that an idea without action is a pipe dream. But if the people who are performing the action do not have a list of well-thought-out steps or a documented plan for action, it could be very costly and an idea killer to boot. Moreover, it would lead to a poor ROE. Way Twos are crucial on the path from idea to action. A Way Two thinks in terms of how. She creates the strategy to align with the business objectives.

A strategy, narrowly defined, means "the art of the general" (from the Greek stratigos). The Way Two is the general officer creating the invasion plans to accomplish the supreme commander's vision of breaching Fortress Europa. I like to call the Way Two "the VP of Vision." Not only must Way Twos develop the strategy—they are also responsible for explaining the business to others in order to inform, motivate, and involve. They are responsible for benchmarking and performance monitoring. A strategy should not be confused with a vision. A strategy is the framework to enact and execute the vision. It is the how answer to the vision's why.





**Way Three:** The Way Threes are the vision coordinators. They are the what to the Way Twos' how. In many senses, they play the most important role in any organization. If you take care of the little things, the big things will take care of themselves, meaning if you pay attention to detail in carrying out tasks, then the business objectives will take care of themselves.

Way Threes have to perform these tasks as the action officers of their organization. Their role is where plan meets reality. And as any military person will tell you, no plan completely survives contact with reality. Regardless of the objectives, landscape, or your own organization's performance, something always fails to go exactly according to plan. Way Threes have to be able to perform their tasks, work cooperatively, and maintain a flexibility to ensure a task is completed despite unforeseen challenges. Adapt and overcome, as the marines say.

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# The six-step process to power your ROI with ROE.

## The ROE Loop.™

**Step 1. Way Two People Development.** The first desired result of a Way One is People Development. People development consists of mentoring. Mentoring by a Way One consists of developing their direct reports to be effective, qualified Way Twos and maybe even the next great Way One. This is a personal result over a position result. Way Ones lead, Way Twos manage, but they both have to prioritize mentoring over leading and managing. Mentoring is one to one; leadership and managing are one to many. When each person is mentored individually, they will be more likely to follow your lead. The second desired result of a Way One is Business Results, but business results are the last step in the overall process. Yes, that's right, last. Not first. Let's continue.

**Step 2. Way Three People Development.** The first desired result of a Way Two is People Development. See a trend here? Again, people development consists of mentoring. Mentoring by a Way Two consists of developing their teams of people to be effective, qualified Way Threes, and maybe even the next great Way Two. Furthermore, for the Way Three teams to be truly engaged, they must know why they are doing what they do. Way Twos have larger teams of people than Way Ones. The Way Twos bridge the Way One's vision to the Way Three's actions

with strategy. Therefore, each Way One should take mentoring their direct reports very seriously, because otherwise the strategy will be ineffective and therefore have a negative consequence on the business results. The second desired result of a Way Two is strategic results. But that is not until Step 5. The plan also bridges ideas to action. A strategic result however is a position result of a Way Two. Human capital training is the key component to ensuring the tactics are being performed on time, on budget, and with a high level of quality assurance.

**Step 3. Personal Development.** The first desired result of a Way Three is Personal Development. If someone has a low desire to develop themselves, then mentoring that person becomes very difficult and a Way Two then must rely on managing alone. This requires the manager to expend precious energy. So anything that you can measure from Way Three tasks become a management target. The Way Three feels micromanaged and becomes disengaged, which hurts not only the strategic results, but ultimately the business results the strategy is tied to. If the organization hires on the quality to learn, grow and improve on a personal level, the people performing those tasks will be subject matter experts. Opposed to simply going through the motions never knowing why they are doing what they do, the Way Two is able to mentor Way Threes to know why they are doing something. The Way Twos how bridges the Way Threes what to the Way One's why.

**Step 4. Tactical Results.** If a Way Three has a desire to be personally developed, either by their manager or by their own initiative, then the tasks they perform will have a better impact on the strategy. It's only then that step four can be successfully accomplished: successful tactical results performed by a qualified engaged Way Three who sees the bigger picture. The big picture is the strategy, the bigger picture is the vision. To use an analogy, they asked the bricklayer building the cathedral in Milan, "What are you doing?" The bricklayer responded, "I am building a brick wall." They asked the second bricklayer, "What are you doing?" That bricklayer replied, "I am building a cathedral!" The big picture is the strategy, the brick wall. The bigger picture is the vision, the cathedral. What are your people building? What is your cathedral? Strategy bridges vision to tactics. When a Way Three thinker knows why they are doing what they are doing, the game changes.

**Step 5. Strategic Results.** Tactical results are tied to strategic results. The best plan in the world will fail if it is not executed properly. If a Way Two is doing the work, they either don't have a Way Three or they are micromanaging—either because the Way Three is not qualified, they have lost confidence in the people on their team, or the Way Two is actually a Way Three thinker in a Way Two seat! A qualified Way Two thinker will develop the plan to accomplish the business objectives and manages the plan managing the people performing the tasks. It is very difficult to manage a plan and do the work. Plan development and plan management is itself a full time job.

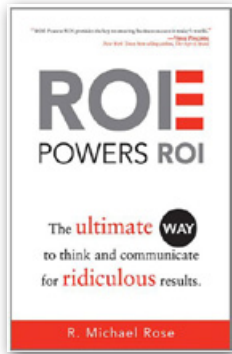
A major reason businesses fail (especially in the first five years) is not due to lack of great ideas or lack of action, but lack of effective planning. If you desire an effective plan, mentor your team. They will return the mentoring with strong strategic results.

*“ Vision and strategy must be effectively translated across the organization touching every Way in every seat.*

**Step 6. Business Results.** I told you we would get here: sales, cost of goods, expenses, profits, etc. Do you see the journey we took to get to business results? Did it make you uncomfortable to put measuring business results last? If you take care of the little things, the big things take care of themselves. Mentoring people and developing creativity and talent is difficult, almost impossible if those people do not value personal development. If someone does not value their own personal development, they will not only not value being mentored, but they will not mentor others very well either. And, if a Way Three finds himself in a Way Two seat one day having never been mentored, will they be inclined to mentor? Business results is the name of the game. But if we can make the work environment and all of our lives more pleasant on the journey, then it is our responsibility as leaders to try and accomplish both.

Furthermore, ROE does not compete with other business management theory. In fact, it compliments other material well because it stands as a decoder of sorts. ROE is the tool that makes all your other tools work better. It's the intel inside. This is not to say ROE changes the meaning, but it enhances understanding. The best way to experience France is to speak the native language. The problem is, we are leaving for France tomorrow morning and we don't know French. So to make due, we bring a language translator. **If you liked this manifesto, my new book *ROE Powers ROI* is your translational tool, the ultimate way to think and communicate for ridiculous results before you go back to the office or read your next business text.** 📖

# Info



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**ABOUT THE AUTHOR** | A scientist by training, an author by nature, and an entrepreneur by will, Michael Rose drew from his life experiences to create a new communication methodology and ultimately his book, *ROE Powers ROI™: The Ultimate Way to Think and Communicate for Ridiculous Results*. Michael is the founder of Return On Energy, Inc. and the CEO of Rose Group Companies. He serves on the board of directors of the Pro Players Foundation, is a long-standing member of the Entrepreneur Organization, an adjunct professor at Texas Christian University, and a guest speaker at Southern Methodist University.

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