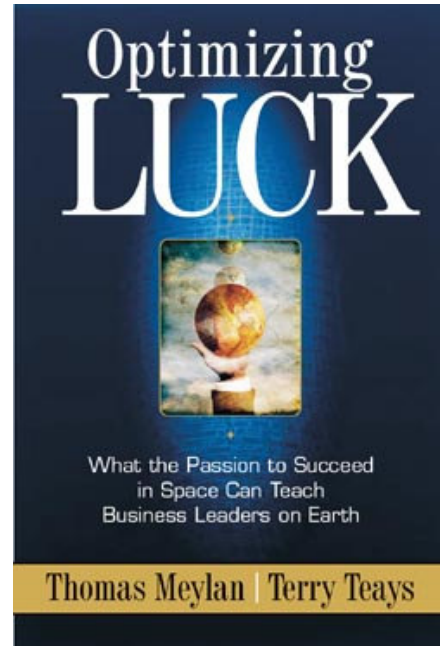


Introduction

Do some people in business *really* get *all* the breaks? Are other people continuously blind-sided with business disasters? Is there another group of business people who encounter opportunity after opportunity but remain completely incapable of exploiting them?

That depends on how you look at things.



All around the world, everyone is exposed to pretty much the same amount of opportunity. Everyone is also pretty much exposed to the same amount of trouble as the next person. So, then, why do some people succeed while others simply muddle along? Why do some people experience frequent setbacks while others move steadily, or even quickly, “up the ladder” of success.

The differences in levels of success fall to differences in personal habits. People utilize decades-old personal systems of habits to get through the day. Everybody does this. However, most business people put no special thought into the development of their system of personal habits. They pick up a few tricks from mom and dad, from a few teachers, and a whole bunch of stuff from their peers

growing up and going through school. And that's as much effort as most business people put into building their system of daily habits.

Successful people, by contrast, work hard and continuously on their systems of daily habits. They know what they want to get out of each day and out of life in general. To get what they want, they study what it takes to obtain it. They learn the skills to go get it. Furthermore, they often have to train the people around them to get all of their energies focused on what they want to accomplish, too.

The big winners in business, from the execs at Virgin "Everything," Inc. and Microsoft to highly successful small businesses, **prepare themselves and the people around them to handle unpredictable events.** They engineer as many elements of their business environment as they can to help them respond effectively to rapidly changing conditions. They observe everything that they can, and what they can't keep an eye on they delegate someone to watch it. Then, when these highly successful people land the next big deal or complete the next project ahead of schedule and under budget, they will all tell you, "Well, we were just lucky."

How do business leaders do this? You might ask, "How can I really prepare myself, my team, and my context for an unknown future? Do I have those skills? If I don't, can I get those skills?"

The key to managing the unknown is found in a cluster of habits we've uncovered in successful people that we call **luck optimization**. That's what these people do when unforeseen events give them an advantage. They capitalize on that advantage. They exploit that bit of luck.

Then, you might ask, what do they do when unforeseen things go against them? A great question, and for bad situations these highly successful people have another set of habits. Before things go bad, they have already put in place what we call **fault-tolerant systems** (a term we adapted from information technology). That means their businesses already have resilient safeguards against disaster built into them. Of course, that's not always enough. In addition to these tough business processes, these business people and the people around them have habits which force them to engage the problem as if it were an opportunity...and usually it is.

During our research for this book we worked with a lot of people who had practices and habits of luck optimization and fault tolerance. While studying these habits we learned that the best organizations are filled with luck-optimizing and fault-tolerant people and processes. Organizations that don't perform as well seem to be staffed with people, including the leadership and management, who fall apart in bad situations.

Our research also shows that this shouldn't be a surprise. The same people who claimed that luck was on their side also had two pieces of advice, usually captured in this single sentence:

“Hire the right people, and let them do their jobs.”

You can't optimize your luck if you don't hire people who can also optimize theirs. And if you keep them from doing what they do well through micro-managing or some other detrimental management practice, you create for yourself a fault INTolerant system.

We uncovered luck optimization accidentally when we performed research into our own professional pasts. We were managers in one of the world's most successful and long-lasting international astronomy satellite projects (a fairly complicated business!). The management practices at this project were so effective that its planned five-year mission was extended with an additional fourteen years of federal funding. What we learned there about building and leading teams was equally effective when we built and managed groups in very different business contexts. If we've done our job right in this book, you can make use of this Project's key managerial practices, too.

About the Word “Systems”

In this book we will make reference to a wide variety of “systems.” We’ll mention satellite systems, computer systems, and maybe even systems the government uses to buy services. In addition to those, we will be making a special use of the word “system” or “systems” in this book.

People use “systems” to replicate an effect of some kind. As mentioned in the main text, we all have a system of habits. The question is, “Is your system consciously engineered to replicate behaviors that bring you success?”

We are going to view systems of individual behavior, as well as group behavior, as composed of habits, methods, and procedures. If you don’t want to be blindsided by the unexpected you need to become more systematic about observing what goes on around you. The same is true if you wish to spot opportunity. Taking time to observe your business surroundings is critical to luck optimization and fault tolerance.

Then, you have to have good habits of execution once you’ve observed an important change in your environment. The key to this is NOT that you have a canned response. No, not at all. The key is that you have a system of habits that gives you the ability to form the exact response needed for this new, unforeseen set of conditions.

The International Ultraviolet Explorer (IUE) Satellite Project is where we met, and where we learned how to get the most out of people and retain their enthusiasm about their work. It was an international collaboration between NASA, the European Space Agency (ESA), and the British Science Research Council. These governmental partners achieved great success with IUE because of excellent satellite design and construction, exemplary engineering operations support, as well as our science operations support. The business of IUE was to

provide astronomers around the world with a product: scientific research data that, at that time, could be obtained nowhere else.

We are writing about the managerial habits of the Science Operations part of the project. This is where we worked. This is where we learned how to manage and how to lead. This is where we observed the largest concentration of luck-optimizing people in our professional histories. We were working for Computer Sciences Corporation (CSC) at that time, which had the contract to run science operations for NASA.

If we say that this book is about luck optimization, then we also have to talk about a few ideas that help to make this easier to do. IUE managers were very good at handling their business environment. It was during our research into IUE's history that we came to appreciate long-term colleagues as people who naturally practiced luck optimization and fault tolerance. What did they do that you can do, too?

First, when things go your way, you have to be ready to take advantage of the situation. You have to be opportunistic. You must piece together systems of habits that will optimize your chances of success during these conditions of good fortune.

Second, you have to be ready to handle the inevitable situations when things don't go your way. Disasters happen. People let you down. International agreements fall apart. Governments shut off your funding. Equipment 23,000 miles out in space quits working. You have to have practices already in place that allow you to handle these types of shocks.

IUE managers used these practices to prepare for an unknowable future. We believe they can work in your organization, too.

After this introduction we will lay down *The Groundwork*, Part One, in Chapters 1 through 4. This includes a business-oriented story of the IUE Project, the descriptions of both luck-optimizing and fault-tolerant systems and practices, and the type of leadership it takes to utilize these ideas.

In Part Two, *The Practices*, Chapters 5 through 10, we describe specific competencies that apply to any business or organization. We all have to hire good people to create a luck-optimizing team. We also have to delegate tasks to these people and let them do their job. We all have to apply the right amount of human capital to the tasks at hand.

Part Three, *The Culture*, chapters 11 and 12, presents a model that shows the effects of utilizing luck-optimizing practices as you manage and lead. It also

contains approaches for breeding luck-optimizing practices within your whole workforce to build a luck-optimizing corporate culture.

We will highlight certain perspectives or viewpoints that turn up every so often in the text. Luck-optimizing leaders have additional habits that also fall into two broad categories. The first of these categories is defined by being ever alert and observant. ALL of the clues to success and failure are in your business environment and market place. You can't take your eyes off of these clues for a minute. The second category is defined by relationship skills. Issues of trust, team dedication, customer focus, and clear (as in frank, un-spun) communication came up again and again in our research into the Project's past, and in our own practices as IUE managers.

When we tried to distill the essence of IUE's success down to a single phrase (the elevator speech version, if you will) we came up with the fact that the IUE staff believed in *the sanctity of doing things right*. Yes, we use the word "sanctity" intentionally, because "doing things right" had that level of importance to the people involved with this project. Doing things right wasn't just a nice goal to shoot for; it was a sin not to do your best. And who is responsible for creating a value like that in a team? Why, you, the leader or manager, of course.

When it's all said and done, leaders must build corporate cultures where every member of the organization also learns and practices the arts and crafts of luck

optimization and fault tolerance. Your corporate culture is your top level luck-optimizing and fault-tolerant system. It incubates the habits of success for all your people. Luck optimization and fault tolerance aren't merely managerial skills. They should be the habits of every person in your organization. This is also the source of energy for continuous market domination by your organization.

We are very proud of our place in the history of the IUE Project. American Science Operations at IUE shut down in 1996, but even as long after shutdown as March, 2005, participants at a Washington Academy of Sciences meeting were clearly aware of and impressed with the reputation of IUE when they heard of our association with the Project. More important, these were government contractors who made no use of IUE. That was IUE's reputation.

We deeply enjoyed the opportunity to serve the scientific public during our tenures with IUE and are pleased to serve the business community with this manual of practices and perspectives based on the living history provided to us by every generation of management in place at the IUE Project.

Leaders, Managers, or What?

In a luck-optimized environment, “habits that produce success” trump titles and labels. A luck-optimized corporate culture lets responsibility flow to the person best able to lead the group to success. What would that person’s title be? In a luck-optimized system, no one cares!

You may have a management title. You may be thought of as a leader. In your company there might be carefully drawn distinctions between leadership and management. If you draw practical strength from those distinctions, use them.

However, in this book, we will be presenting an approach to business where EVERYONE is encouraged to develop their own systems of luck optimization and fault tolerance, from the CEO down to the mailroom clerk. Whether you identify yourself as a leader or a manager, it will be your job to drive what you learn here about luck optimization and fault tolerance into your entire organization.