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CEOs take a lesson from tennis: Unforced errors can be fatal

By Del Jones, USA TODAY

CEOs are aggressive by nature. Using a tennis analogy, they charge the net and go for winners.

Raul Fernandez, CEO and part owner of three pro sports teams, believes in going on the attack.

By H. Darr Beiser, USA TODAY

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It's not in their DNA to stay back on the baseline and play it safe. Hanging back didn't get them to the top. But there is increasing evidence that playing it safe might sometimes be the wiser course in business and tennis. CEOs need only watch this weekend's final action at Wimbledon to see why.

In tennis there is something called an unforced error. Sometimes it's a routine shot that is hit out of bounds or into the net. Others it's a double fault on the serve. It's always a lost point that has little to do with the opponent. In tennis, unforced errors are a ticket to failure.

Unforced errors are rampant in business as well, and there is a building consensus that they spell doom. The Bank of Scotland found that more than one-third of small companies in the United Kingdom will pay the same bill twice. The U.S. auto insurance industry lost $15 billion last year because of errors it made in rating drivers. A simple cut-and-paste error in a spreadsheet caused Calgary-based power company TransAlta to lose $24 million last year.

In business and sports there are acceptable errors, says Raul Fernandez. As the CEO of ObjectVideo and part owner of Washington, D.C., professional sports teams the Capitals, the Wizards and the Mystics, Fernandez has been on the front row of both corporate strategy and sporting events. He's long been a believer in going on the attack. Yet, he's gradually come to the conclusion that winning also comes from minimizing the "stupid mental" blunders that can knock a player out of Grand Slam tennis tournament or ruin an income statement.

"Winning is hard enough without taking on the added pain of self-destruction," he says.

Not everyone is a convert. Billionaire Mark Cuban, HDNet president and chairman, Dallas Mavericks owner and star of the upcoming reality show *The Benefactor*, puts the advantages of risk taking bluntly: "No balls, no babies."

But even Cuban says risk is not for every CEO. "Business is very Darwinian. If your style works for you, great. If it doesn't, you won't be leading very long."

Last year in the men's singles matches at Wimbledon, players who made the fewest unforced errors won 70% of the time, according to an analysis done for USA TODAY by IBM tennis consultant Keith Sohl of London. In the 127 matches, the losers had 706 more unforced errors than the winners. Perhaps more telling, in the final 31 matches, when the world's best played each other, the percentage of unforced errors dropped dramatically among both winning and losing players. Even so, the winners had the least unforced errors even more often, 74% of the time in those final matches.

A realization that mistakes cause failure has led to a gradual and building push to minimize them. It's a flight to safety that may be driven in part by Sarbanes-Oxley, the law passed to clean up companies in the wake of Enron and other scandals, says Dieter Zetsche, CEO of DaimlerChrysler's Chrysler Group.

But even before the wave of scandal and subsequent crackdown, business tools like Six Sigma were catching on in popularity, tools that cause companies to examine every little detail in how things are done in order to figure out how to reduce errors to near zero.

In some cases, near perfection is critical. Even if pharmacies got 99.9997% of their prescriptions right, they still would make 3.4 mistakes per million, or 200,000 a year.

The book *Execution: The Discipline of Getting Things Done* has been a business best seller for two years. Co-author and retired Honeywell CEO Larry Bossidy argues that good ideas are a dime a dozen. Success is not in big new ideas, he says, but in doing what it takes to make sure simple, mundane steps get executed. In other words: Stay back at the corporate baseline, hit routine shots and don't hand points to your competitors.

"There are great visionaries who accomplish little because they don't attend to the weaknesses that cause unforced errors," Bossidy says.

Many CEOs have something akin to a weak backhand, he says. The great ones figure out how to overcome it at least enough so that they can keep the ball in play until there is an opportunity to hit a sure winner.

Adrian Savage, president of executive consultancy PNA, puts it this way: "Consistency is vital and beats occasional flashes of brilliance."

There are great athletes who never become successful because they don't eliminate mistakes, especially errors when the point is crucial, says Pam Shriver, who won 20 Grand Slam doubles titles with Martina Navratilova. In sports an unforced error at the worst time is called a choke, Shriver says, and she figures the best CEOs probably avoid choking at crucial times as well.

Minor mistakes add up

What's an unforced error in business? Most seem minor and occur day to day. "I can't tell you how angry business customers get when the vendor can't get a bill to them on time or at all because it's going to the wrong address," says Michael Critelli, CEO of Pitney Bowes, the *Fortune* 500 maker of mailing equipment and software.

Some unforced errors are glaring enough to make news. Remember when Coca-Cola replaced Coke with New Coke in 1985? "That was a horrible blunder," says Ron Shaw, a weekend tennis player whose company Pen of America sponsors Pilot Pen Tennis in New Haven, Conn., each August.

Paul Brown, CEO of HearUSA, started Quest Diagnostics in 1967 and sold it in 1982 for $140 million. He made that business valuable by lobbying for regulation of medical tests and for getting insurance companies to pick up the bill. Brown thought he saw a similar opportunity in the hearing aid industry, which he says is populated by unethical competitors and a lot of deceptive small print.

But HearUSA turned out to be no easy volley. Consumers, regulators and insurance companies have responded very differently to hearing aids than they did to medical tests. Although HearUSA is showing signs of a turnaround, it has yet to turn a profit in its 17 years.

Many successful entrepreneurs lose money in a second venture, says Brown, who plays tennis every morning. "I was influenced by the past. You have delusions of grandeur."

No one recommends abandoning aggressive play altogether. Tennis pro Tracy Austin, who at 16 was the youngest winner ever of the U.S. Open, says tennis has even evolved toward more risk taking. Serena Williams, for example, aggressively goes for winners more often than past female champions, Austin says.

The worst unforced error, Austin says, is playing it safe and still hitting the ball into the net — what she calls "stinky unforced errors."

The key in tennis, and probably business too, is "tread a line waiting for the right opportunity to pounce on the short ball," Austin says. "It's a fine line, and champions have an instinctive ability of knowing when to pull the trigger."

After analyzing the Wimbledon data, IBM's Sohl agrees: "The ideal strategy is one that minimizes errors while maximizing aggression."

Know when to take risks

Risk taking, by definition, is error prone, or it wouldn't be risky. The best CEOs and tennis players segment their decisions, know where to eliminate errors and where risk taking is necessary.

Zetsche says he drills down into the company to know what's going on. That reduces errors, but Chrysler must ultimately introduce edgy models, or become irrelevant, he says.

Running a company is like playing tennis, except they "keep moving the net and changing the slope of the court," says Thomas Malone, professor of management at the MIT Sloan School of Management and author of *The Future of Work.*

Risk and error are unavoidable when it comes to launching a product, Critelli says. But day-to-day customer service must border on being error-free.

Pilot Pen would itself be guilty of a big error had it not taken a chance with an ergonomic pen designed for people with arthritis, Shaw says. Instead of selling the thicker pen in the medical section of drugstores, Dr. Grip was marketed to everyone. It became a surprise huge seller at college bookstores.

Errors happen

Frank Anton, president of publisher and trade show producer Hanley-Wood, says he has a high tolerance for "substantial risk" and accepts the resulting errors. He tells new hires to be competitive, fast, confident, brave, but also smart and well-prepared.

"We believe that being prepared for a meeting, a presentation, a sales call, an interview or staging a trade show prevents unforced errors," Anton says. "We don't check, double-check and triple-check people's work. We expect them to be better prepared than competitors."

Unforced errors can't be eliminated, Anton says, who still gets a twinge of pain when he recalls a letter he sent to a key customer misspelling J. Glasnapp's name as Jay Glasnapp.

Harvey Platt, CEO of Platt Electric Supply, with 750 employees in six states, figures that trying to eliminate errors is mostly a waste of time. It's better to hire people with the personal traits of honesty, integrity and an inclination to do the right thing.

He says the late children's TV star Mr. Rogers would ask people at job interviews if they ever made a mistake. If they said no, they wouldn't get hired. If they never made a mistake, they wouldn't know how to fix one, Rogers said.

Yet, there is an undeniable trend of executives zeroing in on error reduction. One is Adeptra president and weekend tennis player Vytas Kisielius. Adeptra provides a service that lets credit card companies call people when they suspect fraudulent charges. In the past, armies of employees had to place such calls, and most were wasted on people who had made legitimate purchases.

Adeptra technology now has computers making the calls. Customers respond to a few questions by pushing numbers on their phone and are transferred to a person only when their answers indicate fraud may be involved.

One client wanted Adeptra to provide the service beyond its proven capability.

Kisielius wanted a happy customer, but saw the potential for disaster and convinced them to stay with what had been proved. That allowed Adeptra to "hit a great shot deep in the court," but not out of bounds.

"We performed to perfection. We avoided unforced errors and played a great match," Kisielius says. "When we play within ourselves, we can achieve more."