Lighthouse Principles: Charting a Course Through the Chaos

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Once Upon a Time in Brazil ...

What Would You Do?

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Behring Instilled Four Principles

1. Money would be invested only in projects that allowed all to earn more revenue in the short term.

2. The best solution was the one that would cost the least money upfront — even if it ended up costing more in the long term and was a lower-quality solution.

3. Options that would fix a problem quickly were preferred to options that would provide superior long-term fixes.

4. Reusing or recycling existing materials was better than buying new ones.

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What Do These Principles Have in Common?

They Are Lighthouse Principles

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Four Characteristics Make a World-Class Lighthouse Principle

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Lighthouse Principles Are:

1 **Connected to Business Outcomes**

2 **Specific to the Enterprise**

3 **Unambiguous**

4 **Helpful in Choosing Between Alternatives**

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"There Is No "I" in Team"

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"There Is N**X**" in Team"

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A lighthouse principle is a rule or guideline that provides clear direction and expresses the values of an organization, especially when the way forward is unclear.

It serves as a major navigation piece when stability is disrupted or exogenous shocks occur.

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Lighthouse Principles Are All Around You, Recognize Any of These?

"There can be no interference with the internal development of prewarp civilizations."

"To thine own self be true."

"No man gets left behind."

"Fish are friends, not food."

"Greed is good."

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How About These Story Design Principles?

The toys can never be animated when humans are around.

Kill the main characters, one by one.

Every impossible mission turns out to be possible.

If you hear a scary noise and you're in a haunted house, you should investigate.

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Principles Are Better Than Process at Guiding Action

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The Role of Principles in Leadership

Great principles take courage. They allow leaders to take a stand on the values of the enterprise.

In their absence:

- Every governance decision seems new.

- Individual interests will dominate decisions.

- Conflicts arise more frequently.

- Conflicts are more difficult to resolve.

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What Does Your Organization Stand For?

Commodity

Innovation

Efficiency

Back Office

Agility

Collaboration

Effectiveness

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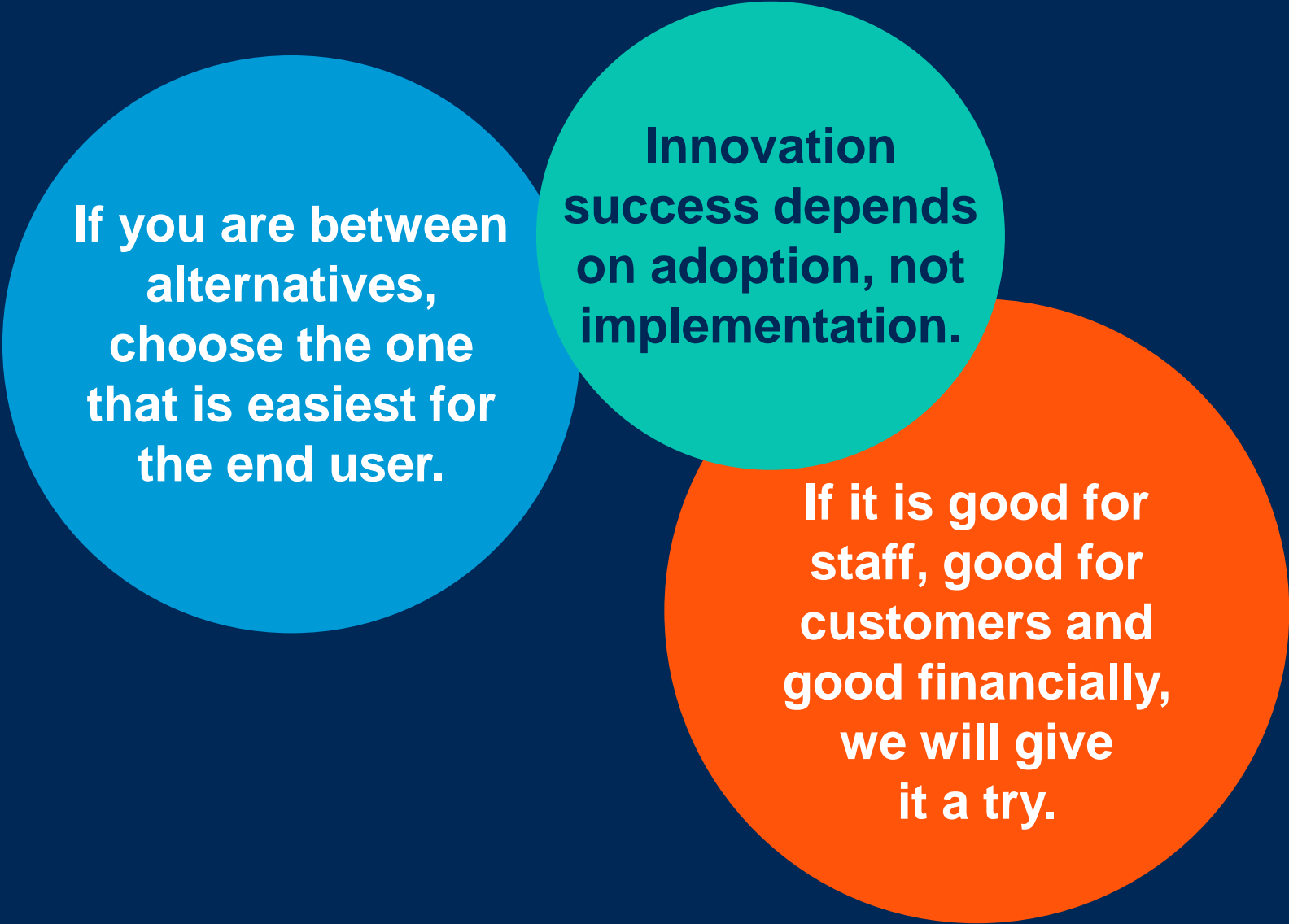
Focus Principles on Areas of Contention or Confusion

Are Decisions Being Made Inconsistently?

Does the Area Change Frequently?

Is the Area Important for the Enterprise?

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Sample Principles in Each Area

If you are between alternatives, choose the one that is easiest for the end user.

Innovation success depends on adoption, not implementation.

If it is good for staff, good for customers and good financially, we will give it a try.

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Bad Examples — Do Not Use These

- We aim to be of high value and low cost. (So what?)

- We want to delight the customer. (What does delight mean? Cheaper? Faster? Simpler? It's ambiguous.)

- We will improve corporate shareholder value.
(How do I know if I'm doing that? Generic.)

- We will be innovative, well-architected, secure, reliable, digital, agile, cheap, high-quality and fast. (The "buffet" principle — a little bit of everything. Great principles are not a buffet; they are a choice to focus on here, not there.)

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Good Examples — Get Inspired by These

- **Innovation:** We measure innovation success based on user adoption, not implementation.

- **Innovation:** We are not interested in incremental innovation. We focus on ideas worth $10 million or more.

- **Architecture:** While we try to preserve both, ultimately the architecture favors security over flexibility.

- **Architecture:** We decentralize every asset and process that is not identified as a commodity.

- **Staff:** If it is good for our people, good for our customers and good financially, then we will give it a try.

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More Good Examples — Get Inspired by These

- **Benefits Focus:** The end user is the final arbiter of our efforts.

- **Development:** If we are between alternatives, we choose the one that is easiest for the end user, even if that costs more and takes more time.

- **Strategy:** We vary our approach depending on user needs. One size does not fit all.

- **Innovation:** We always define value from the point of view of the external customer.

- **Learning:** We try new things, even where a concrete business benefit is not apparent at the outset.

- **Learning (Opposite):** We only try things that have been proven somewhere else. We are fast followers, not pioneers.

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Two Questions to Test the Strength of Your Principle

Does It Generate Debate?

- If everyone easily agrees, it's likely that the principle is so vague that it doesn't trigger any noticeable change. "Be client-focused" is an example of a principle that is vague and easy to agree to. Instead, try, "If you're at an impasse, go back to the customer need and start again."

Could the Opposite Be True for Someone Else?

- If there is no alternative to what you're saying, it's not worth saying. Who would say the opposite of, "Do what's best for the customer?" That principle is generic and ambiguous, and doesn't help anyone make a decision.

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Think of an Area Where You Need a Principle

Take One Minute

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Tactics to Clarify Lighthouse Principles

- **Push Your Stance to the Limit**
- **What Is Always True?**
- **What Is Never True?**
- **Find the Threshold**

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Write Down a Draft Principle for Your Area

Take Three Minute

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Anyone Want to Share Their Draft Lighthouse Principle?

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Four Steps to Road-Test Your Principles

1. Convene your leadership team: Review your new principles with your leadership team, then ask everyone to take out their calendars and choose three different upcoming meetings. At least one should be a standing meeting.

2. For each meeting, imagine what will be talked about: In those conversations, what responses, decisions or processes should be changed to adhere to the new principles? Maybe you have an upcoming meeting on the design of a system without customer input and have a principle that states that all systems will be customer-driven.

3. Take, reverse or change decisions: Cancel unnecessary meetings, change the agenda of the meeting, change the processes, eliminate steps and undertake all necessary changes to ensure the principles are adhered to.

4. **Check how the team feels:** Do they believe in the principles enough to overturn current ways of working? Do they believe they have permission to do so?

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The Lighthouse Principle Tests

✖ The principles we created in this process are never spoken of again.

✖ Nothing changed after the introduction of the principles.

✖ When asked, associates cannot remember any of the principles.

✔ Every employee knows them by heart and their relative importance.

✔ The principles come up regularly in meetings as a way to make decisions.

✔ Everybody, from first-line associates to management, abides by these principles.

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Recommendations

- ⊘ Create principles that are connected to business success, are not generic and ambiguous, and help make a decision.

- ⊘ Focus principles on areas of contention and confusion.

- ⊘ Road-test your principles in the real world.

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Recommended Gartner Research

🔍 **AI Ethics: Use 5 Common Principles as Your Starting Point**
Frank Buytendijk, Erick Brethenoux and Others (G00774103)

🔍 **Actionable Values: A Four-Step Approach to Inspire and Retain Employees**
Gabriela Vogel and Mary Mesaglio (G00766562)

🔍 **Antifragile Tactics Strengthen Growth Plans in Uncertain Times**
Dave Aron and Leigh McMullen (G00793605)

🔍 **Board Brief on Generative AI**
Tina Nunno, Jon Aronoff and Others (G00794593)

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