

## The 7 Habits of Highly Effective People : Key to High-Performance Organizations



**"Timeless principles  
consistently distinguish  
outstanding companies."**

Jim Collins & Jerry Porras,  
- Built to Last

“If leaders do not execute well  
they lose their economic base;  
if leaders do not operate based  
on principles they lose their  
voice, their power.”

—**Stephen R. Covey**

FranklinCovey (NYSE:FC) is a global leader in effectiveness training, productivity tools, and assessment services for organizations and individuals. FranklinCovey SouthAsia helps companies succeed by unleashing the power of their workforce to focus on and execute top business priorities. Clients include 90 percent of the Fortune 100, more than 75 percent of the Fortune 500, thousands of small and mid-sized businesses, as well as numerous government entities and educational institutions. Organizations and individuals access FranklinCovey SouthAsia products and services through corporate training, licensed client facilitators, one-on-one coaching, public workshops, catalogs, over 180 retail stores, and [www.franklincoveysouthasia.com](http://www.franklincoveysouthasia.com). More than 3,000 FranklinCovey associates provide professional services and products in 6 Continents and in 129 countries.



## The 7 Habits of Highly Effective People® : Key to High-Performance Organizations

What are the repeatable and proven principles that, when applied, result in high performance organizations, teams, and people? What differentiates high performance from adequate or even failed performance? Most companies - even large, well-established ones - fail to survive more than a few years or decades.

Organizations that thrive and grow are the ones that live by the basic principles of high performance: high focus on mission and values along with superb execution. Strictly speaking, however, organizations don't have minds and souls of their own. In great organizations, it's the people who make the difference.

No company can truly succeed until individuals within it succeed.

That's what The 7 Habits of Highly Effective People® workshop from FranklinCovey is about - making people effective so that they, in turn, can make their organizations effective.

### People who live by the 7 Habits ...

1. Be Proactive®

Grasp opportunity with determination and take the initiative to leverage it; they don't wait around for things to change and don't play "victim." They have a strong sense of empowerment.

2. Begin with the End in Mind®

Are driven by a compelling mission, vision, and strategy, along with a strong set of core values and competencies. There's a powerful bias for results.

3. Put First Things First®

Stay highly focused on a crucial few mission-critical goals that are ambitious, clearly articulated, and measured. Execution is king time is managed, not squandered.

4. Think Win-Win

Are trusted partners with suppliers and customers, valuing and continuously building key relationships of mutual benefit.

5. Seek First to Understand, Then to Be Understood®

Listen hard to stakeholders - market, customers, employees - and communicate with a customer focus and strong services orientation.

6. Synergize®

Value diversity and creative collaboration, constantly seeking the innovative solution, the "third alternative," in alliances and partnerships.

7. Sharpen the Saw®

Continuously improve every key process and relationship. Strong premium placed on organizational learning. People practice life balance and constant self renewal.



Nothing less can ensure survival and prosperity in these tumultuous times. The whirlwind of technological advances; the changing tide of global, national, and local markets; the storms of mergers, downsizing, and structural changes—these are just some of the proliferating challenges that organizations face today.

Quick-fix solutions do not work in this environment. Piecemeal improvements are futile. Only those organizations that have made the effort to build a solid foundation of highly effective people can endure.

The principles taught in *The 7 Habits of Highly Effective People*—the No. 1 best seller by Dr. Stephen R. Covey, co-founder and chairman of FranklinCovey Co.—are brought to life in a powerful learning experience involving individual effectiveness measures, training, and tools. It has helped transform thousands of organizations throughout the world by transforming the people they depend on.

### What's the Impact of The 7 Habits?

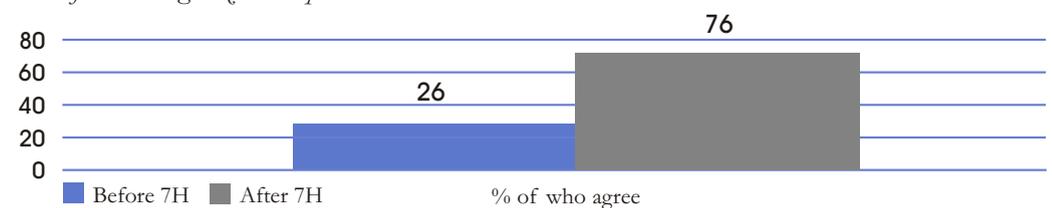
As individuals learn and apply The 7 Habits, they become dramatically more effective. Literally hundreds of thousands of people have learned The 7 Habits. More than 5 million people have participated in The 7 Habits 360° Profile. Some 15 million copies of the book have been sold worldwide.

In a study of 46 organizations that have implemented The 7 Habits, the return on investment (ROI) in The 7 Habits training coupled with 360° Profiles averages around 173 percent. But ROI isn't the whole story.

Another study of 15 organizations across 6 industries reveals a sampling of the performance improvements organizations typically see in their people:<sup>1</sup>

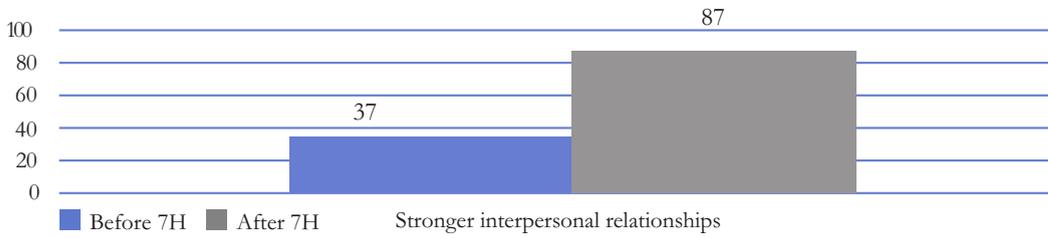


*More focus on organizational priorities*

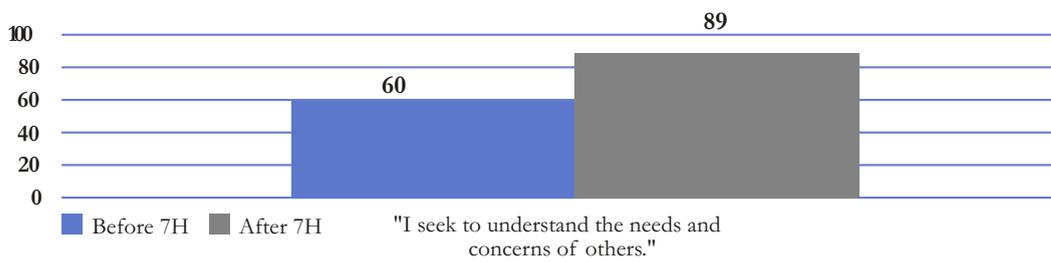
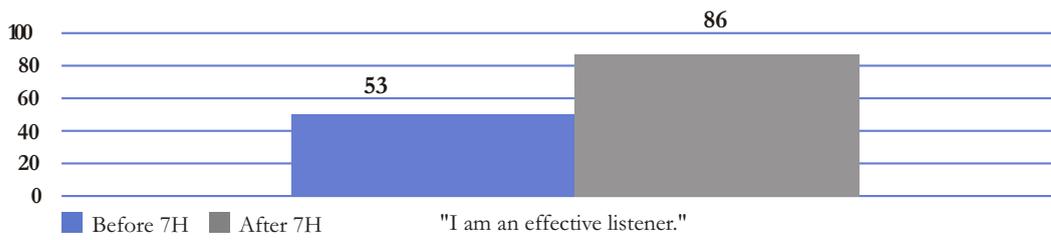


***“I prioritize my job tasks so that the more important aspects of my job get the most time and attention.”***

<sup>21</sup> These results are drawn from The FranklinCovey Impact Analysis System developed by the Jack Phillips Center for Research.

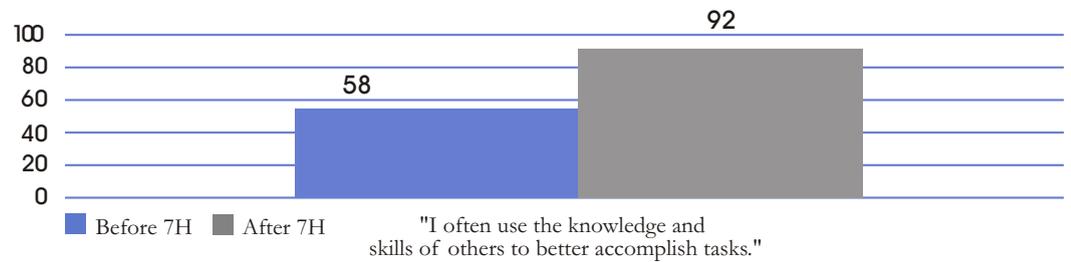
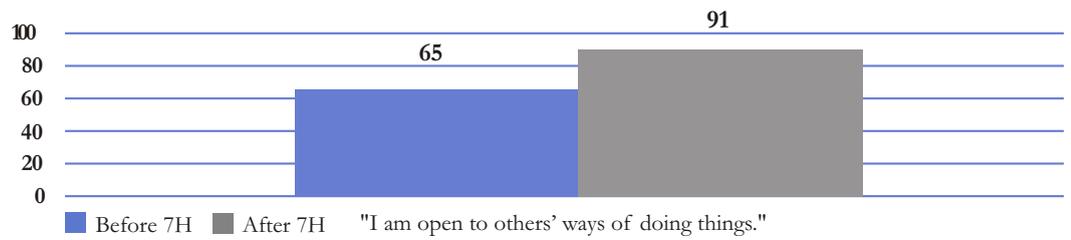


### Stronger interpersonal relationships





### Improved teamwork



These are just a few examples of the performance improvements organizations typically see when their people learn and apply The 7 Habits.

Beyond the statistics, here is an example of a firm where people use The 7 Habits of deal successfully with organizational challenges.

### The 7 Habits Improve Business Results

A large, century-old health care firm in the western United States was wrestling with a fragmented and unresponsive financial system. So new systems were implemented.

Integration of process and technology went well. The plans were good; the tools were excellent. But somehow it wasn't working . Things didn't move. They realized that good strategies and systems weren't enough - the people were not making it happen!

As is so often the case with new initiatives, senior managers found it tough to agree on objectives. There was little teamwork. Financial services didn't connect with the division dealing with health information services and vice versa. Communication problems and conflicts slowed down the invoicing process.

Long after patients were released, their accounts were unsettled. The bottom line: the people had a new direction and new technology, but they weren't executing.

They had adopted great new processes and great technology, but the people had to change, too. So they called on FranklinCovey to partner with them. FranklinCovey then applied the power of The 7 Habits.

After clarifying the specific outcomes both partners wanted to see, FranklinCovey consultants determined quickly where the performance gaps were: fragmented teams, communication problems, misaligned goals—all symptoms of a culture that lacked focus, unity, trust, and the discipline to execute.

Beginning with five senior executives and 16 managers from the finance group, a unique blended learning experience focused on the disciplines needed to overcome the barriers to execution. Two brief sessions on personal discipline (Habits 1-3, 7: developing proactivity, vision, and focus) were followed by a month of guided application. During this time the team participated in exercises and reviewed their progress.

Participants also learned to use FranklinCovey tools to help people focus on true organizational priorities—to eliminate the unimportant and to optimize their efforts. These tools included the renowned FranklinCovey Planner as well as Win- Win Agreements that help people follow through on commitments.

Two more focused sessions on interpersonal disciplines (Habits 4-6: win-win thinking, understanding, and synergy) were followed up in the same way. After a month's application, the group came together one more time for a work session on how to continuously improve their capacity to execute.

The team was determined to make a change. Everyone attended every session, everyone was involved in the application phases, and everyone applied the tools.

The results? The FranklinCovey intervention—a unique combination of measures, The 7 Habits learning, and tools—helped bring about a breakthrough. Processing costs dropped by nearly two thirds as divisions learned to communicate. Managers are now rated much more highly by their reports. The CFO remarks that the finance managers “just work differently. There's more teaming, less of a silo feeling. We are absolutely delighted.”



## We'll Help You See, Think, and Act Differently— to Get Better Results

In today's business environment, it's not enough to do things differently. You must do different things. The 7 Habits workshop will help you and the people in your organization change the fundamental way they approach their jobs, relationships, even problems and opportunities by:

- Breaking common ineffective behaviors and tendencies
- Creating high levels of trust
- Developing strong interdependent relationships

Once you see and think differently, you will act differently. And those actions will produce superior results. This sort of transformation is the key to turning organizations into places where effective people create lasting results.

Here's a brief overview of the business issues people are faced with today, and how the principles taught in

### HABIT 1: BE PROACTIVE

#### Issue:

We live in an era of strategic turmoil—of new business models, strategic combinations, globalization, and revolutions in technology. The rapid pace of change can cause organizations to turn reactive and defensive, to suffocate from uncertainty. Fear and anxiety set in. However, an organization can respond to change proactively and positively, seeking and seizing opportunity. Faltering organizations can turn around if they take a proactive stance. **The issue is building an organization that focuses on opportunities for creating value rather than on the obstacles to it.**

#### Principles:

“Proactive people and organizations are solutions to real problems. They seize the initiative to create value for their stakeholders and take responsibility for results.” (S.R. Covey) “Every wall is a door.” (R.W. Emerson)



<sup>14</sup> Ibid., Aggregate Results, Jack Phillips Center.

<sup>15</sup> Jack Phillips Center ROI study of 46 organizations across 12 industries. Feb 2002

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## Benefits

- Greater focus on innovative ways to build value
- Employees who take ownership for solving problems and adding value
- Faster, more creative problem solving and decision making

## HABIT 2 : BEGIN WITH THE END IN MIND

### Issue :

We are in a time of strategic retrenchment when organizations are stripping away everything that isn't core and trying to find or renew their direction and focus. Effective organizations are marked by a strong central focus, a powerful core ideology, and a compelling mission and strategy.

### Principles :

“Successful enterprises first clearly define what they are trying to accomplish. The extent to which you begin with the end in mind often determines whether or not you are able to create a successful enterprise.” (S.R. Covey) “ The very essence of leadership is vision. You can't blow an uncertain trumpet.” (Theodore Hesburgh)

### Benefits :

- Core values and ideology enable more focused branding, better compatibility in hiring and partnering
- Shared mission provides better sense of strategic direction
- Efficient, repeatable process for identifying strategic objectives.

## HABIT 3 : FIRST THINGS FIRST

### Issue :

In this economy, success means execution - getting it done. However, many organizations flag in their execution of key objectives. Three-fourths of CEO failures are due to failure to execute. Somehow, they can't get their organizations focused on the things that matter most. Knowledge workers report being very busy, but spending less than half their time on key objectives. The issue is **shared commitment to strategic objectives (alignment) and effective execution at all levels.**



## Principles:

“Things that matter most should never be at the mercy of things that matter least.” “It is possible to be busy, very busy, without being effective.” (S.R. Covey)

“Management by objectives works—if you know the objectives. Ninety percent of the time you don’t.” (Peter Drucker)

## Benefits:

- Tighter organizational alignment to strategy
- Greatly improved cost-effectiveness of human resource
- Faster, more precise execution of key objectives

## HABIT 4: THINK WIN-WIN:

### Issue

Right now the boundaries are getting fuzzier. New ideas are changing the relationships along the value chain between management and employees, clients and suppliers, partners and allies. Truly effective organizations develop strong networks up and down the value chain. They are trusted partners because they manage their relationships according to a widely known but little understood principle: Win-Win. The issue is creating **shared commitment to organizational imperatives.**

## Principles:

“In an interdependent reality, better results come from cooperating than from competing.” (S.R. Covey)

## Benefits:

- Increased organizational buy-in to key objectives
- More focus and alignment to real client needs without giving away the store
- More productive relationships along the value chain
- Fewer conflicts and confrontations
- Increased incentive and empowerment of team members to execute

## HABIT 5: SEEK FIRST TO UNDERSTAND, THEN TO BE UNDERSTOOD

### Issue:

A key habit of highly effective organizations is sharp focus on client needs—whether the client is internal or external. But authentic focus on client needs is rare. Every interface with the client should add value to the relationship; that can only happen when the culture of the organization, work groups, and individuals develops the discipline of empathic communication.

## Principles:

“Diagnosis must precede prescription.” (S.R. Covey)

### Benefits:

- More precise fulfillment of customer needs, better deals, more revenue
- Improved, more enduring relationships along the value chain
- Better organizational alignment through clearer communication

## HABIT 6: SYNERGIZE

### Issue:

Strategic combinations are becoming more important. Bigger and bigger bets are being made to achieve scale and global presence. However, such combinations often have trouble getting focused. Most mergers fail: 83% fail to create value, over half destroy shareholder value. Merger and Acquisition success is often hindered by territoriality, culture gaps, and incompatible systems. On a smaller scale, alliances, supply-chain partnerships, even customer relationships are a form of “strategic combination” to create value. Often, they fail to do so. The issue is **integration to create value**.

### Principles:

“Synergy is everywhere in nature.” (S.R. Covey) “Strategic innovation—the greatest source of value creation—is the result of a coming together of disparate viewpoints or elements.” (R. Hamel)

### Benefits:

- Faster and more successful Merger and Acquisition integration
- More value-added relationships along the supply chain
- More value creation from strategic innovation
- Increased leverage from diversity

## Habit 7 : SHARPEN THE SAW

### Issue :

Everyone believes in the principle of continuous improvement. Nevertheless, because of the dysfunctional habits of many organizations - and their people getting better at what they do is often pushed to the back of the priority list. As a result, ineffective organizations eventually die as their competitors overtake them in product and service quality and market share. Highly effective organizations live by the principle of continuous improvement.

### Principles :

“Even if you’re on the right track, you’ll eventually get run over if you stand still.” (Anonymous)

### Benefits :

Greater focus on increasing productive capacity  
Ever-increasing quality in products and services  
Ever-improving relationships with internal/external clients



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