Simple Rules
Donald Sull | Kathleen Eisenhardt

Why read this book?

In *Simple Rules*, Sull and Eisenhardt masterfully challenge how we think about complexity and offer a new lens on how to cope. They take us on a surprising tour of what simple rules are, where they come from, and why they work. The authors illustrate the six kinds of rules that really matter - for helping artists find creativity and the Federal Reserve set interest rates, for keeping birds on track and Zipcar members organized, and for how insomniacs can sleep and mountain climbers stay safe.

Key Quotes

“Warren Weaver described science as progressing through successive eras, defined by the three types of problems – simple, uncertain, and complex – that they solved. (p. 9)

“Meeting complexity with complexity can create more confusion than it resolves.” (P. 12)

“Simple rules address a deeply rooted human desire for simplicity when dealing with a range of complex challenges ranging from the prosaic to the global.” (P. 18)

“Better rules are better, and even apparently irrelevant rules can be reasonably effective if they happen to encourage helpful behavior. But rules that fail to stimulate effective behavior are as useless as no rules at all.” (P. 173)

“Using simple rules, entrepreneurs and managers can seize opportunities to grow their business without losing sight of their overall strategy. Rules can help us make better decisions, on the fly, when information is limited.” (P. 228)

“Simple rules allow people to act without having to stop and rethink every decision.” (P. 5)
Simple rules do three things
1. Confer flexibility to pursue new opportunities while maintaining consistency.
2. Produce better decisions and sound choices.
3. Synchronize activities of groups on the fly.

Why they work
The book suggests that rules have to remain simple and easy to remember so keep them down to just a few rules. Be sure they target a specific audience or issue and only to one specific activity, and they should guide not define the necessary action.

1. **Seize Opportunity.** The story of the Jesuits showed how their “Formula” or small handful of rules allowed them the flexibility to do great things and grow exponentially versus other religious orders that dictated every aspect of their members lives. Providing your teams simple rules will enable them to be adaptable and innovative and opens the doors to the unexpected opportunities that are missed when there is too much structure WHEN used for the right situations. Efficiency, predictability and consistency may require much more detailed instruction or checklists and be more appropriate.
2. **Produce Better Decisions.** When time or information are limited use the triage approach to make the best decisions possible. This also has the effect of driving action.
3. **Promote Collective Behavior.** Zipcar keeps it simple – six rules – that ensures cars are always ready for the next user. How do Chefs protect their recipes? By enforcing 3 rules: don’t copy, don’t pass on without permission and always acknowledge the author.

Making Better Decisions – what to do, what is most important, and what to stop doing
1. **Boundary rules.** Deciding between two mutually exclusive alternatives. [e.g. setting bail, drone strikes]
2. **Prioritizing rules.** Rank options to decide which alternatives will receive limited resources. [e.g. medical triage, investment strategy]
3. **Stopping rules.** When to reverse decisions already made. [e.g. finding a mate, investments, climbing Everest – the two o’clock rule]

Doing Things Better – getting the job at hand done - process
1. **How-to rule.** Codify the process or steps into a handful of rules. Establish the basics but don’t list every detail of what to do. [e.g. sports commentator, creativity – create constraints, firefighting]

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1 Simple Rules, Sull & Eisenhardt. Page 6
2 Sull and Eisenhardt, Simple Rules, Page 26-27
3 Sull and Eisenhardt, Simple Rules, Page 43
2. **Coordination rules.** “Rules that guide interactions among members who intermingle in a complex system.” (P. 84) [e.g. flocking birds, comedy improve, basketball teams, Napoleon – “march toward the sound of gunfire”]

3. **Timing rules.** Rules that guide WHEN to take actions. [e.g. sleeping rules for insomniacs, dragonfly migration, Pixar movie release schedule]

These rules do not stand alone. Combining these rules creates some great results.

### Where Simple Rules Come From

1. **Codifying Personal Experience.** Create rules from your personal experiences and values.
2. **Draw on Experience of Others.** Use similar situations, personal observation and analogies. [e.g. Netflix launch from $40 late fee, studying slime mold to build an optimal rail network in Japan, Roomba follows ant foraging rules not complex programming]
3. **Distilling scientific evidence.** Review all the research, select those that provide explicit rules, boil down to handful of rules.
4. **Negotiating an agreement.** Determine what simple rules should be followed to make decision before making specific decisions. [e.g. pruning educational programs, whale-watching rules]

### Strategy as Simple Rules

“Strategy and execution, in our view, cannot be separated, because they represent two sides of the same coin...companies can close the gap between strategic intent and day-to-day action by adopting a strategy of simple rules, applying a handful of guidelines to a critical activity or decision within the organization.” (P. 122)

1. **Figure out what will move the needles**
   a. Who will we target as customers?
   b. What product or service will we offer?
   c. How will we provide this product at a profit?

2. **Choose a bottleneck (your HOW often points to a broad process crucial to EV)**
   a. Have a direct and significant impact on value creation
   b. Represents recurrent decisions
   c. Opportunities exceed available resources

3. **Craft the rules**
   a. Do NOT develop rules TOP DOWN
   b. Involve a team of 4-8 members including some who will be using the rules daily
   c. Brainstorm, hone, and then test your first cut “in a rigorous fashion” then refine

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**Book Review: Simple Rules**

**Volume 3**

**Issue 6**

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Getting Personal

1. Decide what will move your personal needles and increase the gap between what energizes you and what stresses you out
2. Identify a bottleneck that keeps you from creating personal value, and
3. Develop simple rules that work for you

Examples in the book include “laws of attraction”, “managing depression” and “winning friends and influencing people”.

Rules for Improvement

Rules should be reviewed and tested. Are you getting the best results? Could some rules actually be detrimental to what you are trying to achieve? This chapter shares some techniques for refining your rule-set.

1. Reassess context to see if there were/are changes.
2. Rely on experience ONLY if that experience was based on doing the RIGHT things
3. Maintain strategic and abstract perspective – related to success and applicable in multiple situations
4. People tend to adopt rules in following order: boundary, how to, prioritizing, timing, coordination, stopping. Experts can develop rules that are more difficult to learn and rely on experience.
5. Regular meetings and sharing of successes and failures will likely generate improvements to rules.
6. Do something else: specialize, do some unrelated activity and some related experience.
7. Multitasked learning – Hear from others (seminars...), Learn from peers and learn on the ground (users).

Breaking the Rules

“Sometimes big changes in your surroundings force you to reimagine your situation and drastically change your rules. Major disruptions are rare, but they require fundamental changes when they happen”. (P. 204)

1. Vision changes – rules must adapt. (The A’s post Money Ball)
2. Stuck in old rules – (Amundsen vs. Scott)
3. Change the bottlenecks – (Episodic → serialized shows)

Obstacles to developing Simple Rules

1. They take time and energy to get right
2. Benefits of complexity are often concentrated in the hands of a few
3. The myth that complex problems require complicated solutions
4. Complex rules often arise of distrust of human nature (usually a VERY small percentage)

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4 Sull and Eisenhardt, Simple Rules Pages 145 – 155
5 Sull and Eisenhardt, Simple Rules, Page 226
Actions

1. Identify your business objective

   - Be sure you have clarity on your organizations goals
   - Select ONE strategy or key objective
     - 
   - Determine what will move the needles
   - Identify a bottleneck
     - 
   - Craft your rules
     - 
     - 
     - 

2. Repeat for a personal key objective

   - Be sure you have clarity on your personal goals
   - Select ONE strategy or key objective
     - 
   - Determine what will move the needles
   - Identify a bottleneck
     - 
   - Craft your rules
     - 
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Calendar of Events

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<th>Date</th>
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<td>Wittigs</td>
<td>Simple Rules- Sull &amp; Eisenhardt</td>
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<td>July 22nd</td>
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<td>Everyone Communicates, Few Connect – John Maxwell</td>
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<td>August 26th</td>
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**Friday July 22nd**

Amazon summary – *Everyone Communicates, Few Connect*:
Only one thing stands between you and success. It isn't experience. It isn't talent. World-renowned leadership expert John C. Maxwell says if you want to succeed, you must learn how to connect with people. And while it may seem like some folks are just born with it, the fact is anyone can learn how to make every communication an opportunity for a powerful connection. In *Everyone Communicates, Few Connect*, Maxwell shares the Five Principles and Five Practices to develop the crucial skill of connecting.

**Friday August 26th**

"The lessons and concepts outlined in *Team of Teams* provide a valuable blueprint for leadership across any industry or domain. The principles of classical leadership struggle to deal with today’s pace of change, free-flow of information, and the entrepreneurial spirit of the digital generation. Team of Teams harnesses these new realities as assets, providing a leadership framework to produce the inclusiveness and adaptability of a fast-moving start-up, at the scale of any size organization."

—Brad Smith, president and CEO, Intuit

**Friday September 23rd**

In *Triggers* Goldsmith shows how we can overcome the trigger points in our lives, and enact meaningful and lasting change. Change, no matter how urgent and clear the need, is hard. Knowing what to do does not ensure that we will actually do it. We are superior planners, says Goldsmith, but become inferior doers as our environment exerts its influence through the course of our day. We forget our intentions. We become tired, even depleted, and allow our discipline to drain down like water in a leaky bucket. In *Triggers*, Goldsmith offers a simple “magic bullet” solution in the form of daily self-monitoring, hinging around what he calls “active” questions. These are questions that measure our effort, not our results. There’s a difference between achieving and trying; we can’t always achieve a desired result, but anyone can try. Goldsmith details the six “engaging questions” that can help us take responsibility for our efforts to improve and help us recognize when we fall short. (Amazon review)