

THE MACRIS GROUP

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From Dean's Desk: Excerpts from America's Best Leaders



Leadership is the focus of the November *US News and World Report*, with a feature article titled *America's Best Leaders 2009*. Before going there another article titled "The Silver Lining of Trouble" states that "With the right decision making, some companies improve during a crisis." Another excerpt from this article, "Effective crisis leadership is really...imagining a future that brings you beyond the status quo." From Ron Dufresne, assistant professor of management at St. Joseph University in Philadelphia. The author Bret Schulte states that "First rate management of a crisis rarely looks the same twice." We truly love to see these types of comments.

Now for *America's Best Leaders 2009*, 22 individuals were selected—and we urge our readers to review this magazine. These individuals were selected by a committee from *US News and World Report* as well as the Center for Public Leadership at the Kennedy School of Government at Harvard University. "The committee defined a leader as a person who motivates people to work collaboratively to accomplish great things." Of course we read this issue with great interest and excerpted comments from selected individuals. Please go to the last page for excerpts of their comments. Once again we invite your comments. *(continued on the last page)*

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Optimism – Sometimes it's Hard to be Positive but it's worth it!

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Opening Thoughts:

Doesn't it seem like all we hear lately is "Woe is me!" It's like Eeyore, that loveable Winnie the Pooh character who always sees the negative in life, has become an international spokesperson for everything – especially the economy. Undoubtedly economic struggles have impacted many companies and individuals. But it seems that we are allowing bad news to drive us to making bad decisions and choices, which creates more bad news and sends us collectively on a downward spiral of negativism. Maybe it's time for Howard Beale (Peter Finch in the 1976 Oscar-winning role in *Network*) to get us all to open our windows and yell "I'm mad as hell and I'm not going to take it anymore!" Okay, we really aren't going to propose that, but it is time to think about ending the spiral of negativity.

In the August 24, 2009 issue of *Business Week* the cover article was "The Case for Optimism." In the

article, the magazine presented an Optimism Index taken from data assembled by pollster YouGov and combined that data with economic and market forecast statistics. The index showed a doubling of optimism since March. We, probably like you, are somewhat skeptical of what such an index is really telling us. However, maybe all we need to know is that the number of "glass half full" people is increasing and that can't be a bad thing.

We are not, in this article, trying to put on rose-colored glasses and say that all is well. It's not. However, what we want to explore is whether there is an optimistic side that we should really allow to surface and if maybe by looking with a positive long-term view organizations (as well as individuals) can use this time to better position themselves for the rebound that history tells us will be coming. It certainly is not something that is easy but it is a challenge with a very high payoff potential.

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We suggest that if companies and organizations start to get off the “sky is falling” bandwagon and start to focus on the long-term they will make very different decisions and be much more competitive when the downturn becomes an upturn.

Things to Think About:

Organizations and companies are going to be impacted by economic factors that are beyond their control. Some things are going to happen to you that are not because of you. However, there are areas you can control and things you can do to help mitigate the negatives. Focus on your most valuable resources – your employees. Focus on what products and services you can develop to better position your organization for the future.

Growing your business is not easy in the good times and is even more of a challenge in difficult times. Employees who are engaged, committed to your goals, and optimistic are going to be more productive and more creative. This potential is something you need to cultivate and grow. In the aforementioned *Business Week* issue it was reported that Best Buy has found that a 2% increase in employee engagement at one of its stores yields, on average, a \$100,000 increase in annual sales at that store. Let’s look at ways to engage your employees.

Open Communication – be open and forthright with people. Don’t sugar-coat bad news. Tell them what is going on—nothing builds trust more than honesty. Of course there will be some information that is confidential and can’t be shared and there will be some bad news. The key is not to hide the bad news so that it becomes a shock to all. We heard recently of a company that planned an early retirement package. The way it was announced was through a company-wide email that also noted that if enough people don’t take the package there will be layoffs to follow. What do you think the productivity was in that company for the weeks following the email? Was any work being done? How busy was the rumor mill? This approach was probably an attempt to be open but the presentation compounded the negative response.

No Threats – directly related to open communications is the simple truth that people don’t like to be threatened. The example we noted above with the company-wide

email was probably not planned to be a threat but, undoubtedly, many employees are going to take it that way. Threatened people become scared and often hostile, and obviously disengaged. You have now moved further along the downward spiral. We know the world isn’t perfect and not all people are completely rational all the time. No matter how well thought out and well presented communication is, there will be people who look for the negative. But, if well-presented, the majority of employees will understand and will not get caught up in a maelstrom of negativity. Negativity becomes contagious and when it begins rippling through the organization, reversing negativity into a healthy and positive way of looking at things is a big challenge. We see this with some of our clients

now and are dealing with it. The turnaround effort ties directly to level of awareness on the part of the organizational leaders in that they must realize the impact of a seemingly simple and innocuous statement and how that statement may be taken negatively or positively.

Training – our experience in a variety of industries has shown that when times get tough training is thrown out the window. Why is training looked at as a luxury to be offered only in good times? If business is slow, it’s a great time to offer training that will expand or improve the skills of your employees. It will better position them and you when business rebounds. If it is meaningful, training it can also significantly increase the commitment level of your employees. Training can also offer you the opportunity to introduce new skills that can help you develop new business lines. Of course it is not as easy as it sounds. You must carefully layout what new business lines might fit with your existing business and find or develop training that can take advantage of your current staff. Continuing to offer training demonstrates a level of commitment on the part of organizational leaders which in turn demonstrates to employees that their organization is investing in them.

Recognize People – it doesn’t take a lot of money or effort to recognize your employees. People get engaged if they feel their efforts are recognized. If one of your employees does a particularly good job tell them! And do it so others can see the recognition. It doesn’t have to be a special meeting. Maybe it’s just at their work station. Remember



the old adage – praise in public and reprimand in private. Just following this simple phrase can do a lot in building morale and employee engagement. Too often we have seen a boss walk up to an employee in front of other employees and proceed to “chew out” the employee. Think of the damage that has just been done – you have embarrassed the employee in front of his/her peers and you have just sucked the enthusiasm out of the organization. On the flip side, if the boss walks up to an employee who did a particularly good job and thanks the employee that boss has just made everyone in the organization feel good.

Recognition Awards – we know many are reacting saying that times are tough and we don’t have money to spend on awards. We are not talking about spending a lot of money. Frequently small awards are more meaningful than high dollar awards. The least expensive is to award someone a half day off for some outstanding customer service action. (Remember that there are internal and external customers.) You are paying the salary anyhow so it really isn’t costing anything extra. Other things that don’t cost a lot but can buy a lot of engagement are a casual dress day or week, company shirts to a high performing team, pizza for lunch for the team. One of your authors clearly remembers managing a team that did a fantastic job in a prolonged high stress period. When the dust settled all we asked was to have pizza brought in for the team one day for lunch. Being new to the company we mentioned to the Vice President who agreed it was a great idea but informed us that we would have to pay for it ourselves since the company didn’t have anyway to cover such things. Well needless to say the team was engaged but we were less than engaged. What is \$50 for a multi-million dollar company?

Empowerment – in the last issue of *Update* we addressed the idea of driving decision making down in an organization. As we noted, this approach can increase the efficiency of the organization and clearly can improve employees’ engagement. Employees who are part of the decision making within the organization are going to be much more engaged and have greater interest in the well being of the organization. Again, as we noted in the last issue, this has to be well thought out and the decision making has to be appropriate for the people to whom it is entrusted. In a difficult economy, upper management has a lot of difficult issues to deal with so why continue to saddle them with small decisions that may take a large chunk of their time?

Conclusion:

Now there are two points to consider – one is that the above are easy to recognize as necessary. Getting them accomplished is a whole different issue. We do not subscribe to cookie cutter solutions or “do these x number of things to see a change.” To move forward requires things that typically can not be checked off a list – it requires commitment and leadership. The important aspect is that the level of commitment and the sophistication of leadership need to be quite high. What do we mean? Commitment must be at the highest levels of an organization, but it must also be understood, internalized and practiced at the lowest level, too. Executives set the tone and expectation, and as the leaders of the organization, they must communicate as well as demonstrate their commitment. This level of commitment must be reflected in ALL they do and say. Employees, when confronted with a ‘new’ initiative or program can experience excitement, but also they may take a ‘wait and see’ position. If they begin seeing that the new program is nothing more than smoke and mirrors, they begin believing that “this too shall pass until the next one.” We have experienced long term employees who have seen it all and truly believe in that statement. Their tenure is such that Vice Presidents, Presidents and CEO’s come and go as do their programs, so all they have to do is sit tight and this too shall pass.

So this point is where the level of leadership sophistication comes into play. It’s not good enough to just launch an initiative; it needs staying power, action, and results. And, once again, when we say leadership we are not limiting that to the executive leadership. It is imperative that leaders vertically and horizontally within the organization “drink the Kool Aid,” and believe it! A recent article reported how the CEO of Coca Cola, Muhtar Kent, spends one hour of each day. There are five things he does: he rehearses communicating his company’s vision, he gets advice from colleagues, he responds to notes and messages, he keeps a journal of his expectations and what he needs to do, and finally he phones home to stay close to the people who are most important to him. While all five of these are important, the one that really got my attention was rehearsing his communication of the company vision. Mr. Kent apparently so deeply believes in his company’s vision that he consciously works on his communication skills and his ability to convey his company’s vision. This is the level of awareness we are talking about. Mr. Kent realizes the importance of his communication skills and the message he

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sends. Yet another article from the *Harvard Business Review* is titled “How to Use Language that Employees Get.” The tag line is “It’s not just what leaders say; it’s also how they say it. In our research on executives who have instilled a great sense of purpose in others, introduced powerful brands or managed successfully in turbulent time, we’ve found that they often use terms and metaphors that resonate with the employees.” The same article states that “Today’s employees are suspicious of leaders’ scripted remarks.” The key message here is that there are many factors affecting creating optimism. As indicated above, we provide some specific areas to develop, but we also hope to drive home that just going through the motions of instituting a recognition program or offering some training are only a part of what really needs to be accomplished. It is incumbent upon an organization’s leaders to foster trust, to demonstrate commitment, and to be keenly aware of what they say and how they say it. A simple miss-step can undo months of good and hard work.

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Excerpts from America’s Best Leaders

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John Chambers—CEO Cisco Systems

“...Chambers had moved Cisco from command and control to empowerment and collaboration. Creative ideas come from too many locations, he decided for a conventional pyramid to work anymore.”

Jim Sinegal—CEO Cosco

“...(Jim) has a habit...of taking excellent care of his employees. Eight-six percent of them have healthcare and benefits, even though half are part-timers... And Cosco hasn’t had any layoffs in the recession. Why such generosity? It’s really pretty simple. It’s good business. When you hire good people, and you provide good jobs and good wages and a career, good things happen.”

Sally Ride—Astronaut, Advocate

US News—**What are the qualities that characterize a good leader?** SR—“Willingness to listen; an appreciation for the

importance of teamwork and knowing when to lead that team and when to listen to the other members of the team. It’s important to be decisive when decision are required but to deliberate appropriately while making those decisions.”

Yvon Chouinard, Environmentalist, CEO Patagonia

On buying only organic cotton—“But the bigger point, he says, is that the switch (to organic cotton) was profitable and the right thing to do, a concept that corporate America often doesn’t get. Corporations are real weenies, he says. They are scared to death of everything. My company exists, basically business.”

Susan Hockfield—President MIT

“What’s important is not just the extraordinary inventions we produce, she says, but how we do the work.”

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