



Five Future Strategies

In his book *5 Future Strategies You Need Right Now*, George Stalk, a senior partner with The Boston Consulting Group, identifies five strategic opportunities that have not yet become widely practiced but are worthy of attention now.

1. Addressing supply chain deficiencies. Stalk believes that companies have to address the difficult problem of managing the supply chain when it includes suppliers or partners in Asia, especially China, and how it affects corporate strategy.

2. Sidestepping economies of scale. In Stalk's opinion, scaling down, not up, and building disposable factories may lower costs and boost productivity.

3. Profiting from dynamic pricing. Stalk believes it will be possible for companies to match the price of its products or services with the immediate—indeed second-by-second—needs of customers.

4. Embracing complexity. Simplicity may be the wrong mantra today. Customers are looking for a higher level of complexity where such complexity represents an opportunity for shared growth and increased profitability.

5. Infinite bandwidth. This capability will increase operational efficiencies, new business models, and even whole new businesses.

How to achieve these five strategies is described in George Stalk's book *5 Future Strategies You Need Right Now*, a Harvard Business Press "Memo to the CEO."

People Don't Hate Change, They Hate Corporate Change Programs

BY MICHAEL T. KANAZAWA

Is it true that people hate change? It can definitely seem that way to a leader faced with non-responsive employees during a major transformation or shift in strategic direction. But a closer look at this "common wisdom" reveals that people don't actually hate change—they hate corporate change programs. Given the need to constantly change in business, how can we fix this?



they are typically only launched when there is a problem with the business. Further, under the pressure to make tough decisions quickly, leaders often don't engage employees in the process and determine the program and launch it without their input. People do not respond well to being left in the dark and then suddenly being told to

accept a plan that they had no input into and therefore no ownership. This also leads to plans that are often impractical or impossible to implement in the field.

When this happens, programs launch with great fanfare and then are abandoned as the changes don't take hold.

Change programs have also become equated with being constantly told to do "more with less." People who are already on task overload have come to expect that the programs will only result in new initiatives that will simply be overlaid on an already gridlocked system.

In sharp contrast, companies that succeed in transformations consistently show that with an exciting, customer-centered vision, narrowly focused key priorities, and high employee engagement, breakthrough change is possible. Steve Jobs stepped back into Apple and focused the company on a few key breakthrough products, like the iPod, iTunes, and iPhone. Nintendo leaders

continued on next page

Poor Success Rate

It is easy to see how the idea that people hate change has emerged, especially given an average success rate of corporate change programs of only 33%, based on an analysis of over 40 studies on corporate change programs by Texas Tech University. However, it is too convenient to blame that dismal success rate on how individual people respond to change instead of how we manage change. In fact, a study by Robert Half International showed that 50% of employees quit their jobs due to boredom and limited opportunities for advancement—in other words, a lack of change. If people are looking for change and growth at work, then the problem may be the change programs themselves.

The Problem With Change Programs

One reason people have come to hate corporate change programs is that

How to Infuse Your Company With the Leadership Skills to Thrive in Tough Times

BY QUINT STUDER

In good times, running a company is exhilarating. Money is flowing, customers are happy, employees have a spring in their step.

In not-so-good times—like now—the very same job can feel like scaling Mt. Everest in a snowstorm while wearing a knapsack filled with bricks and suffering from a bad case of the flu. You know there's no “magic pill” for business success, but you do wish someone would at least give you, say, a guidebook to healthy habits.

Actually, there *is* something you can do to fortify your company for the future: create an organizational culture that develops great leaders today and instills the mechanisms and the mindset that will continue to foster great leadership tomorrow.

Great leadership is everything. All other elements of success flow from it. Companies with mediocre leadership can skate by when the economy is booming, but in tough times they really suffer.

So what can you do to get through the recession? Well, creating a culture of sustainable leadership doesn't happen overnight, but there are steps you can take right now that will yield quick wins and get your organization on the right path:

- **Develop a get-through-the-recession plan.** Sit down with senior-level management and go through your



business plan with a fine-toothed comb. Figure out which objectives you are meeting, which ones need more emphasis, and which ones you should re-think. Make sure goals are aligned across every part of your company, that everyone is “singing from the same choir book.” At the same time, scrutinize your expenses and cut anything that's not absolutely necessary. And (here's where many companies drop the ball) communicate your plan to all employees.

Upper-level managers are notorious for figuring out a plan and failing to let people know what's going on.

- **Address the tough issues with straight talk and transparency.** Lots of behind-closed-door meetings harm morale in any economy. But when you're making changes in response to an economic downturn, transparency is

especially important. If employees can tell you are hiding something—and 9 times out of 10 they *can*—they'll assume the worst. They know tough times are at hand and they probably lie awake worrying as often as you do.

Don't candy-coat the truth or act like nothing's wrong. It's insulting to employees and it erodes trust. They deserve and expect to be treated like adults. Pretend everything's rosy when it's clearly not and you might scare your best people into running for the hills.

- **Equip supervisors to answer employee questions.** Let's say Worker Walt approaches Manager Mike to ask if the rumor he heard—that the Duluth division is on the verge of closing down—is true. Mike responds with a deer-in-the-headlights stare and a vague stammered comment that the company is doing its best to avoid any closings. (He knows the Duluth shut-down is off the table, but isn't sure how much he's empowered to say.) Walt draws his own (grim) conclusions and starts spreading “the bad news.” The rumor mill kicks up a notch and morale plummets. To avoid such scenarios, train managers on exactly what to say regarding timely issues—and how to say it.

Be very specific. Mike didn't say anything that wasn't true. He just failed to say it clearly, concisely, and confidently.

People Don't Hate Change, They Hate Corporate Change Programs

continued from preceding page

changed their company and the entire video game industry by getting focused on making the Wii a success. In both cases, the leaders took the risk to concentrate people, money, and management attention on fewer high impact areas, in effect doing “more on less.” They also fully engaged their organizations in the challenge of making the vision become a reality. That is how big ideas turn into big results and employees at those companies are invigorated by change—that they don't hate.

Change is unavoidable today and people thrive on it when done right. As a leader you need to master change and how to tap into the best that it brings out in people. There are several things you can do to alter the typical approach and response to corporate change programs.

- **Establish a strategy execution process** that is used regularly in growth and contraction business cycles as an ongoing way of managing the business towards a customer-centric vision.

- **Engage people in the process** about how to solve problems and achieve the overall goals. The result will be greater ownership and accountability and better, more practical ideas up front.

- **Drive to do “more on less.”** Target your change programs to focus efforts and simply not overlay new initiatives on already overloaded systems.

Michael T. Kanazawa is CEO of Dissero Partners and co-author, with Dissero Chairman Robert Miles, of the new book *Big Ideas to Big Results: Remake and Recharge Your Company, Fast*.

You can prevent these kinds of misunderstandings by telling managers *exactly* what to say when employees ask questions about the company's future. Write a "script" of sorts so that everyone is speaking in the same voice.

■ **Don't permit fear to get a foothold in your company.** One of my favorite phrases is "What you permit, you promote." When you allow free-floating anxiety to permeate your company, you're basically giving it your stamp of approval. If an employee expresses worry about the bad economy, don't just clap her on the shoulder and say, "Yeah, I know it's rough; hang in there!" That lends credibility to her anxiety and indicates that you share it. Plus, empty consolation is supremely unhelpful.

A better solution would be to say to her, "Tell me what you're struggling with today." Get specific. Engage the worried employee. Ask, "What can we do to help you?" Often, the simple act of vocalizing fear helps defuse it. And encouraging employees to do so gives leaders the opportunity to reinforce the company's strategy.

■ **Stay connected.** Employees really need you right now. One way to make a real connection with employees—daily—is to practice "rounding for outcomes." In the same way that a doctor makes rounds to check on patients, a leader makes rounds to check on employees. The technique allows you and your managers to regularly touch base with employees, make personal

connections, recognize success, find out what's going well, and determine where improvements are needed.

Rounding helps you build a strong emotional bank account with employees. Mind you, that's always important, but it's *especially* critical in a down economy.

Troops who don't think you care *can't* be rallied. They might even desert.

■ **Get rid of low performers.** Yes, now is the time. Low performers suck up a disproportionate amount of managers' time, tick off customers, squash morale, and drive away high performers. When business was booming, you may well have let their bad behavior slide. Now, the day of reckoning is here.

You can't afford to alienate your customers; you can't afford to neglect your middle performers; you certainly can't afford to lose your superstars. In short, you can't afford to keep your low performers any longer. Period.

■ **Look for creative ways to hang onto top performers.** In uncertain times, it would be disastrous to lose your best employees. But at the same time, it may be unrealistic to pony up a big raise right now. That's okay. You can offer your people perks that don't cost the company a lot of money. Think about ways you can make their lives easier—flex time, partial work-from-home schedules (much appreciated in these times of exorbitant gas prices), access to a "chore runner" to pick up dry cleaning and stop by the supermarket—and implement them.

■ **Always manage up your organization. Insist that employees do the same.** A recession (or downturn if you're not willing to use the R-word) is simply a national confidence problem, usually exacerbated by lots of negative talk. The same dynamic exists in your own sphere of business. That's why you should say *only* great things about your company and its staff, whether you're talking to outsiders, clients, or employees.

I call this "managing up"—i.e., accentuating the positive—and it's a valuable confidence-building tool that keeps employees content and customers coming back.

■ **Shine a 1,000-watt spotlight on customer service.** Okay, this one may seem obvious, but it can't be said too often. When pressure to stay competitive is at an all-time high, you must be absolutely certain your customers are getting what they want and need from your company. Don't assume that just because they're not complaining, they're happy.

Never presume you know what's important to a customer.

Quint Studer is founder of Studer Group, an outcomes firm that implements evidence-based leadership systems that help clients attain and sustain outstanding results. He is the author of *BusinessWeek* bestseller *Hardwiring Excellence: Purpose, Worthwhile Work, Making a Difference*; *101 Answers to Questions Leaders Ask*; and *Wall Street Journal* bestseller *Results That Last: Hardwiring Behaviors That Will Take Your Company to the Top*. For more information, visit www.studergroup.com

Fueling Change

Many workers are changing their commuting habits to ease the financial burden of rising gas prices, according to a new Robert Half International survey. More than four out of 10 professionals (44%) interviewed said higher gas prices have affected their commutes, up from 34% in a similar survey two years ago. The study also found that both individuals and businesses are making changes to lessen the pain at the pump.

According to employees, the most common changes took the form of increased carpooling or ridesharing (46%), driving a more fuel-efficient vehicle (33%), and



telecommuting more frequently (33%). Three in 10 said they are looking for a new job closer to home.

The most common benefits companies are implementing to offset the rising cost of commuting, according to those interviewed, are increased mileage reimbursement for travel, ridesharing or

vanpooling programs, and subsidized transportation.

Six in 10 respondents (59%) said that their companies were not offering programs to alleviate higher gas costs. "Employers may be missing an opportunity to improve morale and reduce turnover by helping their staff cope with the burden of rising gas prices. Often, it can be as simple as communicating to employees what programs are already in place," said Max Messmer, chairman and CEO of Robert Half International. "Companies can build loyalty and motivation by showing employees that they are empathetic to their concerns during challenging times."



Here's what you'll find on the
AMA Members-only Website www.amamember.org

LEADERSHIP

Bouncing Back from Rejection. Feeling the sting of rejection? Just think of Abraham Lincoln: he was defeated for the Illinois General Assembly, U.S. Congress, and Senate before becoming one of our finest presidents.

SALES & MARKETING

Critical Skills for Sales Success. What do salespeople and physicians have in common? Both know that their success is based on their ability to come up with a diagnosis and devise a plan to "cure" their clients' ills.

SMALL BUSINESS

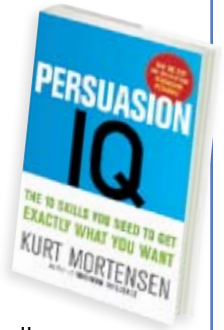
Why Running a Business Is Like Raising a Teenager. Like a 15-year-old who is told "no" by one parent and "yes" by another, employees become confused and less effective if they receive mixed messages from senior management.

HR/TRAINING

Reevaluating Corporate Pension Plans. Don't expect retiring baby boomers to take the gold watch and retire quietly to a rocking chair when they turn 65. But can employer programs support their long-term financial security?

Book of the Month

Persuasion IQ: The 10 Skills You Need to Get Exactly What You Want, by Kurt W. Mortensen (AMACOM, 2008). Successful people possess exceptional powers of persuasion. Learn the secrets of getting what you want, whether you are selling a product, presenting an idea, or asking for a raise.



AMA Conferences/Special Events Calendar

JULY 16 WEBCAST • Web 2.0 and Social Computing: Charting Your Organization's Strategy. Whether you're the CEO, head of HR, or line manager, Web 2.0 is affecting the way we all work and do business. But how do you make sense of it all? In this informative session, we will take a very practical look at the impact of Web 2.0 on all aspects of today's business.

JULY 28 WEBCAST • How to Write Fast When It's Due Yesterday. Your calendar is full, there are 100 unread e-mails in your inbox, and now your boss asks you to write a report for her to present at a committee meeting the first thing next morning. Join us for this webcast and learn tips and techniques for writing when the pressure is great—and the deadline is coming up quickly.

JULY 30 WEBCAST • Managing in Government: Communication, Engagement, and Motivation Techniques That Work. Management in the public sector presents a number of unique challenges. Though managers may feel that stringent and convoluted regulations reduce their ability to hold their staff, teams, and departments accountable for productivity and results—that simply is not true. Join us as we explore a number of techniques for meeting the challenges and stressful situations supervisors in government face on a daily basis.

AUGUST 7 WEBCAST • Beyond Time Management: Leveraging Your Productivity 24/7. Your father's time management system was simply a to-do list of tasks to be accomplished. Today's approach is all about getting more things done in both your professional

and personal life. This webcast helps bring you to the next level of managing your time, showing you ways to leverage your day for exponential increases in productivity and results.

AUGUST 13 WEBCAST • Challenges of Global Leadership: Across Boundaries and Borders. Successfully leading your strategic business initiatives in a global environment is becoming more and more challenging—the impact of globalization on businesses of every type and size is being increasingly felt on a daily basis. To succeed in this perpetually changing global arena you will have to lead and implement business strategies across borders, cultures and a host of logistical and legal complexities—often in several countries at the same time. This interactive webcast will help you begin to develop a real-time global mindset.

117442

Executive Matters
Member Newsletter
 July 2008 Issue

1601 Broadway
 New York, NY 10019-7420

AMA American Management Association International®

Nonprofit
 U.S. Postage
PAID
 American Management
 Association International