Walk the Talk

Radio for Agile Minds

Shelley	**It's that time of the month when we welcome Nick Anderson to the studio.** Nick is Senior Partner for Professional Development Services – The PDS Group affiliated with ROCG Business Transition Specialists. Over the last 20 years Nick has helped many house hold names like Turner Construction, Ritchie Capital Management, Qwest Telecommunications and Royal Bank of Canada to impact bottom-line results through changing people's alignment within their organization as well as their alignment with their customer's. Each month Nick chooses a topic related to the business world in West Michigan focusing on the transitions this economy is going through Welcome....What have you chose for us this month?
Nick	I was talking with a senior executive last week and he asked "What motivates you to do what you do?" "A seeker of pure light, on who's journey fulfills others" Sustainable change based on taking leaders radical vision and building a pathway to that vision one step at a time. Just as you wear a pair of shoes, this change walk has the left shoe – radical, right shoe gradual –

	radical gradualism That got me to pose this question: "What is the glue that holds an organization together while it goes through change?" Relationships – the golden triangle of your people, your customers and your partners So, that's the pathway today – creating and holding on to that human glue that produces success...NPO pr For Profit
Shelley	OK. I'll use your often cited question: "Where's the evidence to support you track this month?"The answer seems obvious...but...why is this facet of business becoming more important?
Nick	Traditional rationalization and cost cutting strategies fail too often – too business turnaround failures. These traditional approaches, which are predicated upon cost efficiencies, have left companies demoralized, distracted and less productive. If you look at the data – pure light – Successful leaders transform their organizations doing several things, like: • Building closer relationships with customers while harnessing human talent to deliver greater customer satisfaction: HP vs. IBM Mini Computers • Leveraging internal resident talent and expertise to resolve business problems and capitalize on opportunities: 3M and the

	post-it note • Fostering a climate that results in personal ownership for doing what's needed: HSBC's Customer First Change Process in the UK • Devolving responsibility to groups and teams create a project based organization: Volvo pioneered work cells – one team-one car • Raising the importance of individual and organizational learning, ensuring learning and working are integrated: KPMG link learning to promotion • Secure changes in attitudes and behavior: Fred Smith • "In the military, leadership means getting a group of people to subordinate their individual desires and ambitions for the achievement of organizational goals. And good leadership has very measurable effects on a company's bottom line." My call to action compete with your attitudes/values and your behavior. They are the sole of your *change shoes* unique, rather than just focusing on your technology, products and services – all of which can be copied
Shelley	Some would say that other things like the right "goto" market strategy with the right distribution channels etc. So, have we got a chicken and egg situation like what comes first People or Process or Structure?
Nick	Good point, but consider this the days of ready,

	aim, fire have long gone, it's been ready, fire, aim for some time.
	Few startups succeed – e.g. new restaurants close before their first anniversary.
	
	The change paradox is this "hurry slowly" – radical gradualism is a simple concept rigorously implemented
	
	Let's put it another way:
	At least three separate disciplines drew essentially the same conclusions about change, project management:
	  • WYSIWYG vs.
	  • IWKIWISI

Shelley	**Like a lot of what you say seems common sense...why don't more companies take this approach...?**

	Many factors....one telling is that average age of senior executives while falling is between 46-50 yo So, they graduated between 1978 – 1982....who had a laptop let alone a cell phone! At that time business schools still held on to a Fortune 500 view of the world and seeing the world through the lens of the Harvard Business Review.
	Let me ask you – What percentage of businesses is of this size in West Michigan? – Not many.
	So, the enculturation of managers was still "ready, aim, fire"
	
	Bosses are turning still turn a deaf ear...
	  • ***Bosses are ignoring a wealth of creative ideas from***
	    their employees
	  • **1:4 people believe that they are never listened to by superiors**
	  • **Among older people the proportion rises to nearly 1:2!**
	  • **1:4 never been asked by their bosses for their**

	opinion or actively encouraged to offer up ideas, no matter their length of service. • **1:2 Canadians surveyed believe that their companies use half or less of their brain power** Surveys - NOP Survey 1000 (London & South East) & "Report on Business" Magazine Dec 1998)
Shelley	Do you see this trend getting worse?
Nick	In the Leadership Digest, in 2006 - While employees gave their bosses "high marks" in a recent study of worker satisfaction, staff still suggested areas for improvement: • 43% want bosses to use their employees' skills and abilities better. • More than 35 % want the boss to step in more often to resolve conflicts. • Just over 25 % wish bosses would ask for their ideas and listen more readily. So It depends on how business leaders react. Let me explain, James Brian Quinn [A1], Philip Anderson [A2], Sydney Finkelstein [A2] With rare exceptions, the productivity lies more in intellectual and systems capabilities than say raw materials, land, plant, and equipment. Intellectual and information processes create most of the value-added for firms in the large service industries--like software, medical care, communications, and education--which provide 79 percent of all jobs and 76 percent of all U.S. GNP.[1] In manufacturing as well, intellectual activities--like R&D, process design, product design, logistics, marketing, marketing research, systems management, or technological innovation--

	generate the real value-add. McKinsey & Co. estimates that by the year 2010, 85 percent of all jobs in America and 80 percent of those in Europe will be knowledge-based. Yet few managers have systematically attacked the issues of developing, leveraging, and measuring the intellectual capabilities of their organizations.
Shelley	What are the other pitfalls in creating this service based economy and how does it relate to relationship development?
Nick	The more knowledge workers the flatter the organization which impacts the style of leadership and how wealth transitions from one generation to the other or to new owners. This economy is and will become more dynamic, some body - Frozen Leopard – 28 years…
Shelley	Can you explain what you mean wealth transition?
Nick	• Dynamic = more transitions – buying and selling, merging acquiring • What gets missed • Capital is no longer about brick and mortar • It's Human Capital
Shelley	So, what challenges does this present? What can you do to build value in these circumstances?
Nick	• The greater reliance on human capital for valuing an organization the more PE firms, M & A need to look at tools to assess the real value? • This means doing the obvious things of doing inventories of the people, their skills, competence and certifications, where needed • Sources: "The Balanced Scorecard" David P. Norton; Arthur Andersen estimate: Corporate Strategy Board research; • Measures That Matter," Ernst & Young, LLP, Gates, Stephen, *Aligning Strategic*

	Performance Measures & Results
	• Only 1 in 10 can consistently achieve their Strategy's full potential
	• Non-Financial Factors
	• Valued Most By Investors
	• Strategy Execution
	• Management Credibility
	• Innovativeness
	• Companies Not Delivering Consistently on Strategy
	    1. 95% of employees don't understand company strategy
	    2. 50% of average employee's time spent on non-productive work
	    3. 50% more likely to have turnover

Shelley	What do you see as the main benefits of taking making this effort?
Nick	• Take risks • Trust each other • Have a proactive approach • Will work together on solving problems • Share considerable confidence in their own and others abilities • Have enthusiasm for their jobs
Shelley	tip
Nick	Providing effective feedback is one of a manager's most important tasks; it's also one of the most difficult. Here's a six-step model, proposed by Jack Stahl, current CEO of Revlon and former president of Coca-Cola, to facilitate feedback and make it more effective. 1. *Value the individual.* Begin by affirming what the employee contributes to your organization. Be sincere and thorough. This step is critical because it frames the

	conversation. 2. *Ask the person to identify his/her biggest challenges.* Ask the employee to assess his/her performance, including both strengths and challenges. This will help you pinpoint areas for targeted coaching. 1. *Provide targeted feedback.* Give specific examples of behaviors to change. 2. *Agree on areas to develop for the future.* The objective here is to focus the individual's development and encourage him/her to practice specific new skills. You could also point him/her to training opportunities. 3. *Agree on the benefits of improving and the consequences of not improving.* This step is designed to fuel the employee's motivation to improve or change. 4. *Commit your support and reaffirm the person's value.* "When people feel valued, they can hear difficult feedback without being demoralized by it."
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