

Will You Surf the Perfect Storm

BY MICHAEL LEE STALLARD

A perfect storm is brewing that will threaten many a firm's survival in the decades ahead. Market forces, like storm fronts, are colliding to produce volatile conditions.

Companies that anticipate and prepare for these threats can convert them into major opportunities to leap ahead of their competitors. There's plenty of evidence that savvy companies are already moving to gain a competitive edge. Rather than being crushed by the massive waves, these companies are effectively surfing them and will leave competitors in their wake.

To comprehend this perfect storm, one must understand the interaction of the forces of globalization, technology, demographics, and changing cultural values. Much has been written about the effects of each. Without question, the opening of markets has meant more firms compete globally. The widespread availability of new equipment and technologies has empowered new competitors to meet world-class cost and quality standards. It has also accelerated the rate of new product and process innovation.

The bar is constantly being raised as these new competitors emerge from around the globe.

THE PEOPLE ISSUE

The limited resource for most organizations today and in the near term is human capital, the people with the specific skills and talents in demand by organizations. Professionals in fields such as technology, health care, and oil and gas are already in short supply. This talent crunch will only become more acute as baby boomers retire in the years and decades ahead.

Large companies may be especially hard hit because Generation Y employees (born between 1982 to 1994 and also known as "millennials") eschew larger corporations as toxic workplaces. They are choosing to work for small companies or begin entrepreneurial endeavors of their own. Generation Y has learned from observing their parents that most workplaces suck the life out of their employees. Research studies done by Gallup, the Corporate Leadership Council, and others over the last decade have found that nearly 75% of American employees are not engaged in their work and approximately 20% of these employees are at times working against the interests of their organizations as a form of retaliation. The media has had a field day mocking the workplace with popular offerings such as "The Office" (television), "Office Space" (movie), and the syndicated comic strip "Dilbert."

>Ahead or Be Drowned by It?



You would expect that the "weather forecasters" within organizations are monitoring the conditions and recommending that a change of course be implemented. However, too ..!.. many fail to fully appreciate the urgency to take action. Human beings are typically slow to alter their behavior when it comes to change. Neuroscience has taught us that neural connections are formed when we change our behavior and that it requires a considerable expenditure of energy to form new neural connections. It's easier to take the path of

least resistance so we are prone to keep doing what's always worked in the past, even when we are aware that it may not work in the future. Corroborating this view is research by Professor Sidney Finkelstein of Dartmouth's Tuc~ School of Business that examined cases of business failure. Finkelstein found that many managers were aware of developments in their industry that produced unfavorable change but failed to do anything about them.

COMPANIES CATCHING THE WAVE

There are companies that are moving aggressively to seize the opportunity to ride the wave. Recognizing the strategic importance of creating a workplace that attracts, motivates, and retains the best people, they have put some of their most talented leaders in place to drive their efforts. These organizations are measuring employee engagement and in many cases integrating talent management and employee engagement activities into their strategic planning process.

Much can be learned from the creativity and variety of their efforts. These fall into three categories: (1) making employees feel proud of their company, (2) making employees feel valued, and (3) making employees feel "in the loop" by keeping them informed and giving them a voice on the issues that matter to them. Notice that each of these areas focus on how employees "feel" and are therefore emotional in nature. Experience and recent research have taught companies that rational factors such as compensation may satisfy employees but it's the emotional factors that motivate and retain them.

1. **Company pride.** Beginning in the 1990s, the Gallup Poll found that Americans' personal



identities were more closely associated with their companies and jobs than with their families or communities, which had been true in the past. Individuals today have higher expectations for the social status that comes from the companies they work for and their positions. Research also indicates that employees are looking for greater significance in their work.

More companies are realizing that a corporate identity (or employer brand, as it has also been described) that is meaningful and makes employees feel proud helps them attract and retain the best employees. For example, the biotechnology firm Genentech has a tag line beneath its name that says "In business for life." Genentech keeps the mission in view. It has cancer patients visit with employees and throws big companywide parties to celebrate product breakthroughs.

Corporate values that appeal to employees also make them feel proud. McDonald's Corporation's CEO Jim Skinner led a companywide effort that began in 2007 to formally communicate the values founder Ray Kroc established in past days. Management workshops were conducted. Materials including film clips were used to bring the values to life and touch people's hearts. It has now become an ongoing effort to capture stories that illustrate employees living the values on a daily basis.

McDonald's is effectively continuing a companywide conversation about its values and how they may remain true to them. This makes employees feel proud to be a part of the McDonald's family. Values-laden actions such as providing healthier items on its menu and continuing to support the Ronald McDonald Houses for children with serious illnesses and their families are a source of pride to McDonald's employees.

2. Valuing employees. Companies are doing more to make their employees feel valued. Training supervisors to coach the people they are responsible for leading is one such action. Supervisors are learning how to help employees identify their strengths. They are spending more time in conversations with employees to learn about their aspirations and help them see career paths that align the employee's interests with those of the organization. Companies such as Goldman Sachs have mentorship programs that supplement supervisors' efforts to help employees learn and grow.

Marc Effron, vice president of talent management for Avon Corporation and head of the industry group The New Talent Management Network, oversees a talent pool of Avon's top thousand management positions. Effron thinks of this group as being in a talent pipeline that Avon must intentionally and continuously develop in order to meet its growth objectives. Effron and his team track the performance of this group and provide stretch assignments, as well as offer peer and behavioral coaching to help them learn and grow.

Office design and amenities factor into how employees feel valued. Brian Fitzpatrick, head of Google's engineering office in Chicago (recently rated the best workplace in the Windy City), said that his goal is to make the workplace so attractive that people would rather be there than work at home (which they have the flexibility to do). Fitzgerald's office has amenities that

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include free gourmet food and a masseuse who comes to the office each week.

Reaching out to provide support to employees to help them deal with the inevitable difficult times in life is a surefire way for companies to demonstrate they value their people. These efforts include employee assistance programs that provide access to counselors, faith-friendly programs that include access to clergy, and even support programs such as the Beryl Companies' "Beryl Cares." Beryl is so attuned to this need that it looks for ongoing opportunities to make employees feel valued and recently handed out \$50 gas cards to help offset rising transportation costs for its lower-paid employees.

3. Keeping employees "in the loop," Companies are becoming more serious about keeping employees informed and making sure their opinions and ideas are considered on matters that are important to them. Efforts of this sort help meet human needs for respect and belonging. Fred Stokes, director of employee relations at Lowes, said the company created "Voice Teams" in Lowes's stores to allow frontline employees to share their opinions and ideas with decision makers. Some leaders in Lockheed Martin, the world's largest defense company, have implemented "Start-Stop-Continue" meetings that are designed to hear employees' opinions on what actions their business unit should be undertaking that they are not at present, what actions they are presently undertaking that they should stop, and what actions they should continue to implement. •

Companies are also employing social media technologies such as employee blogs, wikis, and beefed-up employee profile pages that include personal pictures and interests to better inform employees and give them a voice and a means to express their personal identities. H&R Block redesigned BlockCentral, a corporate news site where employees can now add comments to internal news items and submit questions, according to Kristina Patrick, former editor of BlockCentral. Sabre Holdings developed a social media platform branded "SabreTown" as a means to connect its geographically dispersed workforce, according to AI Comeaux, senior vice president of internal communications at the firm. SabreTown generated 65% adoption among Sabre's 9,000 worldwide employees in just three months.

TIME TO ACT

As the examples above show, there are many ways to begin developing a workplace that will attract, motivate, and retain the best employees. Each company's efforts should be tailored to its unique situation, including the types of employees they require and the actions that are most valued by these employees. Wise organizations will begin their efforts soon so that they will come out of the perfect storm on top of the waves, rather than drowned by them. MW

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