

BUSINESS

The bell tolls for Toll Brothers

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Your Wealth

By Andy Szabo



According to John Donne, the bell "tolls for thee." But these days, the bell tolls for Toll Brothers, given their latest earnings announcement.

It is becoming clear that conditions in the United States residential real estate market are worsening faster and deeper than even the most knowledgeable industry insiders can reckon with.

Toll Brothers has reported that third quarter earnings fell 85%. Robert Toll, chairman and chief executive officer said that Toll has experienced recently "a much higher rate of cancellations than at any time in our 21-year history as a public company."

Tolls reported three weeks ago that cancellations for the third quarter had risen to 24%, from 19% in the second quarter. It's unclear if Toll is now suggesting an even higher rate.

Net income for the third fiscal quarter came in at \$26.5 million (16 cents per share) versus \$174.6 million (\$1.07 per share) a year earlier. This was better than analyst mean estimates of a loss of two cents a share.

The earnings included pretax write-downs of \$147.5 million. Toll declined to provide any earnings guidance for the future, citing "numerous uncertainties surrounding sales paces, the mortgage markets, market direction and the potential for and size of future impairments." Further, the process of marking down existing holdings obviously contains a large subjective element.

Toll, whose advantage in owning significant land for development was touted during the bull market, now faces the corresponding disadvantage of such a position.

The bear market in real estate may take two to three years to resolve. Certain industry players have the balance sheet to avoid bankruptcy and may make attractive contrarian investments on a standalone basis. Some may become acquisition targets as well. Toll Brothers may be better positioned than some competitors, owing to its strong balance sheet and niche in higher quality and more expensive homes in hard-to-build areas (median price: \$600,000).

In the New York City area, and notably including Greenwich, real estate has kept a good tone, especially at the high end, despite the woes elsewhere — in large part owing to an incredible streak of good years in the financial services industry. However, we can now foresee that a round of reduced bonuses, lowered expectations and layoffs are to come in financial services. Disappointment in the financial services sector may have a significant negative impact on our region, and correspondingly, on developers active in our region.

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Job got you down? New book helps people get 'fired up' at the office

By Sara Poirier
Assistant Editor

Most all of the world's work force has "been there, done that" when it comes to feeling burned out on the job. The long hours, the tedious work and for some, those nagging bosses, all can make being motivated a real drag.

According to research, three out of four people in the American work place do not have their hearts in their job. That's the equivalent of close to 110 million disengaged people, using figures from a July report of the U.S. Department of Labor's Bureau of Labor Statistics.

Thanks to a new book by Greenwich resident and Wall Street alum Michael Stallard and his business partners, burnout victims worry not, as there is hope for long-term rejuvenation between the hours of 9 and 5.

In *Fired Up or Burned Out: How to Reignite Your Team's Passion, Creativity and Productivity*, Mr. Stallard, fellow Greenwich resident Carolyn Dewing-Hommes and Stamford resident Jason Pankau — cohorts in E Pluribus Partners — explore, among other things, the three elements of what they've termed a "connection culture," which is a positive and encouraging atmosphere where the six human needs in the work place are met. The elements — inspiring identity, human value and knowledge flow — are all necessary, Mr. Stallard told the *Post* in a recent interview, to have a positive work experience.

Inspiring identity, he said, is about questioning whether people are motivated by the mission of their organization, if they're united by its values and if they're proud of the company's reputation. Human value deals with whether people appreciate their colleagues' contributions and help each other achieve their potential. Knowledge flow refers to the "marketplace of ideas" and if an organization has an environment where people feel safe in sharing their ideas.

"It's all about human nature and what environment brings out the best in us," Mr. Stallard said.

An environment in which the six human needs — respect, recognition, belonging, autonomy, personal growth and meaning — are positively reinforced, Mr. Stallard said, can lead a team to get "fired up." He added that there are benefits to being fired up for both an organization and an individual striving to ignite the flame. Benefits for the organization include greater productivity, greater profitability, higher customer satisfaction and higher employee retention. Individual benefits, Mr. Stallard said, include better problem solving, being more creative and being healthier, physically and mentally.

Being overly focused on quantitative aspects of a job (something the book calls "task excellence"), and not balancing that with creating a healthy relationship atmosphere ("relationship excellence") in the work place, he added, will make such benefits hard to achieve.

"There are gains that come from task excellence and that's good," Mr. Stallard said. "We're not saying that that's a bad thing. But what we're arguing is that unless you have relationship excellence too, unless you create a culture that meets these needs that are in our DNA, success is not sustainable."

"You can get people's heads and their minds in their job by paying them because they have to live economically," he added, "but you'll never get them to put their heart in their job unless you understand how to create an environment that really nurtures the emotional brain."

"In a lot of organizations, people will be indifferent to the people around them or they'll think of them as competitors, so they don't want to help them. If you're a leader of that organization, you want them to look at the competitors as being outside the organization, not inside, because you want to build trust and cooperation."

"If you have an environment where people want to help one another because they view them as trusted colleagues or even friends or



In their new book, Michael Stallard, above, and business partners Carolyn Dewing-Hommes and Jason Pankau explore the elements of the work place that keep people fired up about their jobs.

partners in the business, then it's a whole different environment and that is a much healthier environment, just physically and mentally, for us to be in.

"Some places fire us up and other places — we feel like they're indifferent to us. If you're in that for a long period of time, it gradually burns you out."

Coming to these realizations took years of research said Mr. Stallard, who left the world of Wall Street to further learn about the ideas he had been thinking about and implementing as chief marketing officer for Morgan Stanley's global private wealth management business. The research, he said, was a combination of talking to and hearing the work stories of many different people in many different industries; studying great leaders throughout time to understand the cultures that they created; and learning more about psychology, sociology, neuroscience and political science by meeting with and e-mailing various professors and historians.

Twenty stories of leaders Mr. Stallard said he and his team researched are presented at the back of *Fired Up or Burned Out*.

"When you look at the leaders that have had long-term 'sustainable superior performance' over

teams they've managed, they've created connection cultures," Mr. Stallard said.

"If you look at history, there was a day when managers were autocratic," he added, "and I would say, that's largely gone"

Also a catalyst for looking deeper into the connection culture idea, Mr. Stallard said, was noticing the outpouring of support he and his family received when his wife was diagnosed with cancer in 2004 (she is now in remission).

"I could feel just the emotional boost you get," he said. "How can you not be encouraged when meals are arriving daily and sometimes beautiful baskets with flowers?"

Mr. Stallard said he has worked with different companies that have merged and found that the cultures of the two firms were often much different, in that the way employees were treated varied.

"Most cultures are indifferent to people," Mr. Stallard said. "They're not really proactive in helping people understand their strengths, putting them in the best place, helping them grow professionally. They kind of expect everyone to do it on their own. The problem is, most human beings are not capable of doing it on their own."

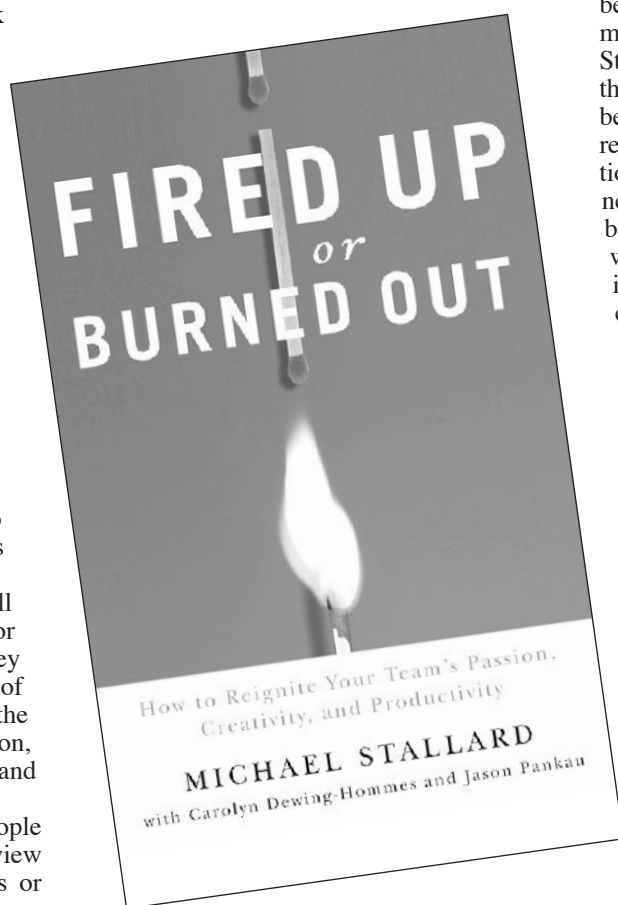
With emotional factors in the work place being four times more important in terms of motivating people than rational factors, Mr. Stallard said, again citing statistics he researched, that having a connection culture on the job will be more important to future generations. He said reasons for this are because the younger generation has had the benefit of seeing that they don't necessarily want the "unhealthy" values of baby boomers, and that as baby boomers retire, there will be a shortage of labor, which makes making certain jobs pleasant experiences for workers key to employee retention.

"In this book you will learn how to increase the fire and passion inside people that is necessary for individuals and organizations to achieve their potential," *Fired Up or Burned Out's* introduction states.

"Usually it's not that a particular company has a good culture or a bad culture," Mr. Stallard said. "I would say that what you tend to see more often is that cultures are very local and they really depend upon the person that is responsible for local leadership and the hiring. An organization can only achieve its potential if its members work together as a body."

Arcadia Coffee Company will hold a book signing at 3 p.m. on Saturday. For information, call Just Books at 637-0707 or e-mail info@justbooks.org.

For information about the book or coaching and training sessions, visit FiredUpOrBurnedOut.com.



BUSINESS BRIEFS

Jason hits air waves

Sally Skidmore and WGCH 1490 AM Talk Radio will play host to Greenwich resident, author and financial columnist Julie Jason, who will discuss "Transitions: Examining the benefits of change in our work-lives" at 12:30 p.m., Tuesday, Sept. 11.

Ms. Jason offers insight into all aspects of investments, personal finance and estate planning. Her latest book, *Julie Jason's Guide to Connecticut Probate: What Every Family Needs to Know about Probate* was published in 2006 and her next book, *The AARP's Crash Course on Creating Retirement Income* will be released in 2008.

Ms. Jason's award-winning investor education column, which is in its ninth year, is published every Sunday in the Business Sections of the *Greenwich Time*, *Stamford Advocate* and *Norwalk*

Advocate.

Ms. Jason began her career on Wall Street as a securities lawyer after earning an advanced law degree from Columbia University. She is the co-founder of Jackson, Grant Investment Advisers, and has more than 30 years experience in the investment industry.

For more information, call 322-1198 or visit JulieJason@snet.net.

Dance Adventure moves

For 16 years, Dance Adventure and its director, Nola Van Alstine have served the Greenwich community instructing thousands of local area students in the Armory building at 230 Mason St. Now, kicking off its 17th season, the studio has moved to a central Greenwich location up the street, to a new, two-studio space at 36 Sherwood Place.



Greenwich resident Haviland Coen dances to the beat at Dance Adventure's new studio space at 36 Sherwood Place.

"Everything is new including the mirrors, desks, floors, and the parking is improved as well," Ms. Van Alstine said.

Designed by local architect, Richard S. Granoff, the design of the studio is decidedly more

"modern and spacious," the dance instructor said.

New students may experience a free trial class. Registration is ongoing. For details, call 625-0930 or request class time at Danceadventure.com.

Workforce examined

The Connecticut Business & Industry Association has gathered top business leaders and economists to examine issues and challenges facing businesses in Fairfield County. Experts will discuss the Fairfield County economy and what's being done to maintain the state's high-quality workforce and encourage the growth of key industries. The Fairfield County Economic Conference will be held tomorrow from 9 a.m. to 12:30 p.m. at the University of Connecticut Stamford campus.

Keynote speaker Joan McDonald, commissioner of the Connecticut Department of Economic and Community Development, will discuss the economic strengths and weaknesses of the Fairfield County region and how the state can help businesses succeed in today's

highly competitive environment.

The free conference will also cover issues related to the economy, energy, education and telecommuting, and will feature top economists and business leaders, including:

- Delos Smith, president and chief economist, Delos Smith & Associates
- Rae Rosen, senior economist and assistant vice president, Federal Reserve Bank of New York
- Kenneth McCarthy, managing director-research, Cushman & Wakefield Inc.
- Michael Freimuth, director, economic development, City of Stamford
- Raymond Necci, president and COO, The Connecticut Light and Power Co.

The conference will also feature the fall release of The

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