THE MACRIS GROUP

From Dean's Desk:

Recessionary periods present special challenges for leaders. The uncertainties are many and the ways to address both the impact of recession as well as manage the uncertainty make the challenges even greater. This particular recession has very unique aspects we feel due to the global nature and complex interrelationships of nations and economies. We also feel that recovery does not mean that things will return to a previous state of normalcy. Companies, non-profits and other entities will have to function differently. What we do know is that now is when leaders should be thinking and planning for their future. As Peter Drucker said, "The best way to predict the future is to create it." What we are suggesting in this article is that the time is right to start creating the future for your organization. From a human resources perspective there are many good people who are un or under employed. We know from experience that organizations have underperforming individuals. Ask yourself do I have the right people in the right jobs, are those holding key positions the right people to move the organization into the future. Are they the people, as Jim Collins would say, the ones you want on your bus? Are they the right people but don't have the right skills? Can you provide them those skills? Use this opportunity to make these assessments and if the answer is no then make the necessary changes. There most probably are extremely good people available to help move your organization forward. Enjoy the article and we look forward to hearing from you.

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How Is Your Organization Preparing for Recovery?

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Introduction:

Much has been written about the current recession and forecasts for recovery. Our purpose here is not another view on the whys of the recession or when will we truly see recovery. We, like many others, feel that this has been a recession unlike anything we have ever seen (or hopefully will ever see again). Our purpose is to focus on how organizations are dealing with the recession and what they plan on doing to prepare for recovery – if in fact they are planning anything or expect that "things" will return to some pre-recession normalcy.

We recognize that many organizations have taken drastic actions already, which may help them in the short-term but hurt in the long-term. The most obvious response is belt tightening, in the form of cutting costs and people. One of our fundamental premises is that organizations cannot cut themselves to good health. The reality is that the decisions forced by recession should always be based on routine good practices, normal management and leadership practices. So where does that leave us? At this

stage, for many organizations it's too late to talk about what should be done in down-times, but hopefully we can influence some before taking actions that may have serious long-term impacts on future success.

The issues now are:

> Is recovery really underway and how is it affecting your organization?

> Will your business return to a previously understood notion of normality?

> What will your recovery look like, based on what you have done or plan to do?

> What can you do to influence a positive recovery?

Realities that all organizations are facing:

> You have experienced scary times and moving forward can be equally as scary.

> Costs are being closely watched – as they always should be – but even more now.

There are many commonly-held beliefs that may not best serve your organization moving forward in this environment. Changing some of these beliefs will be difficult in this most unique recession.

The Organization

In general, organizations are made up of three components – People, Processes, and Technology. The down-time caused by this recession and pending recovery is a perfect time to focus on each of these factors and take steps to improve each or to put in place the plans for improvement. These actions can help you prepare your organization to seize the opportunities that may well present themselves as you recover. Let's look at each of these three components in light of actions that you should or should not take to best position your organization for success in recovery.

People:

In the Spring of 2000 our Update article was titled "Intellectual Assets." In that article we examined the increasing concern on the part of business leaders and managers regarding the return on investment (ROI) of training and professional development initiatives. That article addressed the issue from a different viewpoint. We provided insights into the value of intellectual assets and why it is important from both business and financial performance perspectives. The following was excerpted from that issue and sets the stage for this article:

> Realistically, if one were to study the consistently leading corporations that excel in both book value increases and stock value performance, one would find that these leaders allocate a higher percentage of dollars to training in their budgets than their competitors. In addition, they also have their own training centers and a formalized program for executive development. The programs include rotation through various departments and/or facilities performing a variety of assignments. Constant evaluation of these employees on the "fast track" coupled with associative outside schooling is mandatory.
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> One cannot become valuable to the organization working in a vacuum. The trainee must be able to see the "big picture," meaning all the inter- and intra-relationships of the business. The intention of these programs is to not develop employees with ten years of seniority within the organization with only one year experience repeated ten times. With the above training, intellectual assets can be developed by designing a metric for adding value (through training) along with superior performance of difficult responsibilities. Conversely, the newly developed metric should be depreciated at times of poor performance.
>
> If we continue as present, self-developed metrics will continue to increase, adding more confusion to corporate asset analysis and eliminating the ability to compare apples with apples in similar industries.
>
> Perhaps two-way employment contracts should be developed so that executive talent, on the books, can be traded for dollars, similar to professional athletes. In this manner, the book value can be tested and adjusted, when necessary, to a realistic figure. This is not anathema to the current day mobile executive who is used to transfers.
>
> Since the above scenario may never be resolved, at least not to everyone's satisfaction, corporate strategy should include a formalized internal and external training program for employee development. These programs add "knowledge value" and prevent the obsolescence of its employees, and the corporation itself, regardless of what the corporate books show. The complete article is available upon request. *The contributing author was Chris Totolis who was the Northeast Operations Manager for Unidyne Corporation, a subsidiary of the Titan Corporation.*

The point here is that when we examine these three components (people, processes, and technology), we believe the greatest opportunities as well as the greatest challenges reside with an organization's people. People are probably where leaders and managers can do the most to prepare their organization for recovery. As we state above, it is difficult to forecast what the future will be and what recovery really means. One thing we might suggest is that whatever we think today will not be reality. We sincerely believe that investing in people is a wiser investment at this stage. Investing in people typically means training. Training is the most valuable function that is also the most misunderstood and misused. Let's look at training, how it is administered, what happens with the learning, how

the organization embraces the learning, and ultimately how does training manifest itself as ROI.

How do you view training, is it

A benefit?

A reward?

A necessary evil?

Getting a "ticket punched" for future promotions or positions, or

A way to give your people new skills that will help them and the organization?

As you might expect, for our purposes of this article we are going to focus on leadership development training, although the discussion can apply to technical training.

Look at the questions posed above and honestly assess the training programs you have attended or your organization offers. Clearly the immediate answer is they provide new or enhanced skills, but an honest evaluation will probably yield one of the other questions or some variation of them.

While training programs are developed and sold to management as a means to enhance or improve skills, reality is too often something else. Think about training programs you have attended. Did you learn new and applicable skills? Quite often that answer is yes. When you got back to your job did you get support for these new skills from your boss? Too often the boss asks how the training was and did you enjoy it. Then it is back to business as usual. You have some new skills but you don't have the support system to apply them. Worse yet is when you have bosses who don't understand the new skills or want things done the way they always have been done. Those new skills too frequently go by the wayside.

Is training in your organization viewed as a reward or "ticket punch"? Too frequently, this is how management and the organization culture view training programs. You have been doing a good job and you are sent to a training program as a reward. The companion to that is the "ticket punch" where you have been recognized as having potential so you attend a training program to which all high-potential employees are sent. You learn some new skills but you aren't really expected to come back and implement changes – you got your ticket punched.

Your authors have observed and experienced both of these phenomena. Ticket punching was very clear when one of your authors, working for a large company, was told he was going to be attending the American Management Association (AMA) Management Course. This was a broad and fairly

intense two week program at AMA headquarters in New York City. The course attendees represented a broad cross-section of industries and positions. The faculty generally consisted of consultants who were well known and well versed in the subjects being presented. Returning to the workplace armed with some new skills, the reception was more a rehash of how the program was presented when the boss attended. Attempts to institute some meaningful changes were met with a smile and a reassurance that attendance meant that you were targeted for future growth within the company and to keep doing things the way you were prior to attending. Unfortunately in our experience this was more the rule than the exception.

Similarly, we have seen the use of training as a reward. Our experience has shown many occasions where we were sent to training programs because we had been doing a good job and this is a way to say thank you. When you start knowing why you are attending how can you expect to come back and get support for putting new skills to work? Your boss may not understand the skills and is not going to support instituting things he/she doesn't know. Once again those new skills go by the wayside as you get back to business as usual.

Take a look at how companies generally view leadership development training. Inherent within these views are all the issues we have stated above. Training rarely is universally within a company seen as a valuable resource in developing current and future leaders or a way to bring in some new ideas that can challenge status quo and drive needed changes. What is your training budget now in lean times versus what it was in more healthy times? We are certain it is now much lower. It is an all too-common reality that as soon as times get tough, training gets cut. And yet we will argue that the opposite should be true. In lean times you need to prepare for the better times ahead and that is the time may be able to best afford to have key people attend programs to introduce new skills and enhance existing skills. Yes, when budgets get tight all areas, including training, need to be tightened up, but it is not a time to decimate the training budget. It will benefit you not just in new and enhanced skills within the organization but it will show your employees you are serious and that you do value them and want them to be a part of your recovery.

Of course, having your people attend training in lean or prosperous times still requires that you be willing to allow them to bring back new ideas and run with new skills. If you don't understand what they are trying to bring back, have them teach you. Both you and they will benefit from that. Be supportive of them. Not every idea or new skill will be directly applicable to your organization, but by working with them maybe you can adapt the new ideas to fit. If you care enough to send them to a training program, care enough to make use of it moving for-

ward.

Return on Investment for Training

In contrast to the issues regarding training discussed above, and in light of today's focus on results, we believe in the 4 stages of learning so well described by Kirkpatrick. They are:

Stage 1 Reaction

Stage 2 Learning

Stage 3 Application to the workplace

Stage 4 Business results

Corporate training, whether internally or externally-administered, must deliver results in each of the four stages. Until recently and as we indicate above, the primary measure was Reaction. How did you like the training, seminar or workshop? What was your reaction? This is the most common and readily-used metric. Attendees at training programs quickly learn to be positive on the end of course "Smile Sheets" so other training will be forth-coming. Learning is second – did you learn anything? In many cases the answer is yes, but is the learning a by-product or the person attending the training selected the session based on specific objectives or on other criteria that do not necessarily represent a direct benefit to the organization. Learning is a longer-term issue and can be enhanced with some preparation and dialogue with the person's supervisor. Stage 3 is where results start manifesting themselves. Again, with some pre-planning and dialogue the learning can be transformed into applied actions specific to the workplace. Historically stage 3 may have been assumed, but in reality the typical outcomes are more difficult to implement. In our leadership workshops, attendees leave energized. We give them tools and assignments to work on between sessions, and they are charged with pursuing stage 3 application. Feedback we receive is somewhat disturbing in that those who "sponsor" a person to attend the workshop in fact become the barrier to learning and application. The issue is not what is learned or attempted, the villain is culture and "that's not the way we do things around here." Stage 3 is the toughest obstacle to overcome for the attendees and believers. The irony is that companies that do embrace Stage 3 application tend to be more progressive and vibrant. In the context of recovery, if the attitude of "that's not the way we do things around here" is prevalent then recovery will be limited, short, and marginal because without Stage 3 there will not be a Stage 4 of improved business results. Without Stage 4 recovery will most probably stall until culture changes.

Therefore, training and in our context leadership development must adapt the Kirkpatrick model. The interesting aspect of this simple statement is implementing it requires enlightened and engaged leadership that is willing to accept a level of risk that embraces application of learning to the workplace.

Processes:

Reviewing processes, whether in lean or prosperous times, may sound like a broken record and yet it is rarely done effectively and can lead to significant improvements. Lean times are a perfect opportunity to pull together a team of people from within a process for review. In addition to reviewing existing processes, anticipating recovery, and with the best intelligence possible anticipating the future of your organization, there are potential opportunities to revise and/or change some of the sacred cow procedures, processes, and protocols within your organization to better position you and your organization for the future. Again, the barriers are cultural so assemble the most creative people and challenge them. This approach moves leaders out of their controlling comfort zone, but the future is going to be an interesting place, and creative and innovative thinking will be the best course of action. Again, keep in mind that an eye must be on Stage 4 or there will be little to no gain for the people or the organization.

Technology:

Technology is a much more tangible consideration. We include it because it is integral to the organization, and similarly to processes, lean times provide a good opportunity to review your technology applications. What software are you using? Do your employees really understand how to use it most effectively and accurately? Are you planning technology changes in the future when you recover? If so what can you do now to prepare and get your people on board to support the changes? Technology changes can range from new ERP software to the latest desktop word processing and spreadsheet programs.

What are the barriers to Stage 3 and 4?

For those who have attended our workshops, you know we talk quite a bit about the four stages above. We are keenly focused on driving home the need to achieve business results as an outcome from our workshops. We also know it is not easy to "sell" Stage 3 which leads to Stage 4. The timeframe for these two stages to manifest themselves can be significant in the impatient timeframe of organizational executives. We are talking in the six month timeframe for Stage 3 and to see business results upward towards two years. In addition to the time it takes, to actually observe results, we are finding that

our attendees tell us there are significant organizational barriers that make Stage 3 and Stage 4 even more difficult to make happen. Perhaps two of the most significant barriers include people and culture. When we say people here, perhaps a better characterization is generation. Those who have risen to management positions in organizations are generally older. Their perspective is different. While they approve training and professional development, they seem to not embrace it when their direct reports return from their workshops and present changes based on transferring learning to workplace. It's OK to attend a leadership workshop, but that is not how things work around here. We are focusing on the generation piece here because change is difficult and those who have worked hard to get to where they are can be resistant to making changes because those changes may jeopardize their position, or move them out of their comfort zone (remember the book "Who Moved My Cheese"). This is not to suggest that just because one turns 50+ they become change resistant, and this situation while widespread manifests itself in various ways depending on the industry; it reflects what people who attend our workshops tell us.

As part of our workshops, we realize that there is much to be gained by sharing information and experience of our attendees in a safe environment. This environment also should provide for interaction with Macris Group team members to include our insights to issues posed by our attendees. We are currently setting up such an environment on our web site and hopefully it will become active within a few months. The point here is the "Forum" would be a place to discuss relationships with one's supervisor and how to address generational issues. One other approach which we have employed in the past has been, when an opportunity to attend a leadership workshop exists, draft a contract with your supervisor regarding the expectations on the part of both parties and how the learnings from the workshop will be potentially reviewed, accommodated to the organization's culture and potentially implemented. This actually puts "teeth" into the workshop and formalizes a commitment between the person attending and that person's supervisor.

The point here is to be aware of barriers and to understand what is happening. Is there a silver bullet solution – you all know the answer to that question. Some of the important things to realize are that open dialogue is perhaps one of the best ways to begin addressing issues. Our leadership programs while structured allow for open dialogue time. We encourage honest and candid comments in a constructive context. Senior management/leadership is always involved in varying degrees. If not as participants, they are included in informal lunchtime discussions where they can share their experiences as well a company related issues. We have had sessions where extremely healthy dialogue results.

Regarding culture, the organizational culture makes Stage 3 and Stage 4 very difficult. Let us assume we have enlightened senior leadership that does embrace change, let us also assume the leadership team is in conceptual agreement, but the culture of the organization is such that it becomes the barrier. This may sound strange, but it definitely happens. In 2003 and 2004 Update presented the concept of Subversive Leadership. We advanced the notion that there is both benevolent and malevolent subversive leadership. This is when the organization becomes an organism and either acts to help the leadership or attempts to subvert it malevolently. Stage 3 becomes extremely difficult when a few enlightened individuals who have learned and want to institute changes, with the endorsement of senior management, yet experience resistance from the organization. You say how is this able to happen? It happens because the resistance is typically not overt or blatant, but subversive and insidious.

Outcomes from these sessions involve organizational change or if nothing else recognition and follow-up discussion and action.

Finally, we would be keenly interested in your experiences. Are you able to relate experiences within your organization where Stage 3 and stage 4 have been successful or where you have run into barriers. There are success stories, and they involve a broad base of enlightenment, empowerment and sense of commitment to the organization. Please send us your story or give us a call to relate your experience.

Summary

How is your organization preparing for the future? We have posed several issues in the structure of People, Processes, and Technology. We understand and acknowledge that none of the issues are easy to address, but consider each issue to be a leg of a three legged stool. If any one is weaker than the other the stool will tumble. Focus traditionally has been on Technology first, Processes second, and People third. And when the focus shifts to people, the accountability for business results is marginalized by culture. We are suggesting that people are a tangible asset, something worth investing in, but not superficially. As with any investment there must be an ROI. In the context of leadership – the opportunities abound. Incumbent leaders must understand how to let their high-potential performers take safe risks that have significant potential for positioning the organization for a future state (however it occurs or however the organization wants there future to be). The incumbents must expect that if they send their people off to training sessions, they will come back with ideas and thoughts that must be embraced and discussed. High-potential people who are afforded opportunities for professional development must take these opportunities seriously with the intention of bringing new and creative ideas, approaches, and leadership to their organizations. They must think about Stage 3 and how they apply what they have learned to their job and their organization. Along with Stage 3 they must also anticipate and understand how a Stage 4 positive business outcome can be achieved.

Do we offer a recipe or cookie cutter approach – you all know we don't do that. We are not list people. We believe in knowing oneself, understanding, and awareness along with professionalism and knowledge. What we hope we have done is to challenge our readers. We also acknowledge that there are realities of the world in terms of financial issues. What we are trying is to reframe the argument into the context of investment in perhaps you most valuable resource, your people. **It is a key investment in the future of your organization.** Training should not be the budget line that is the first cut in hard times. We would argue it should be one of the last lines cut. However, we urge that your overall approach to training be reviewed. Offer training that will bring value to your organization and to your people. Don't just offer training as a reward. Support it and encourage new skills and ideas to be brought back into the organization. It may well provide an infusion of new approaches that can hasten your organization's recovery.

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"The Difference"

One of the best aspects of my work is not only the clients, but the people I work with. Nancy Shapiro is a long time colleague, a true professional and a wonderful person. She was part of our team that conducted a week-long leadership development workshop for one of our clients. We employed a combination of experiential learning, conventional informational learning as well as allowing time for our attendees to reflect and document their experiences. We felt this made a difference. Nancy most effectively describes this difference below.

"Leadership. Team Building. Effective communication. A few topics among so many that can be offered within an organization. These and many others are so important, but I think there can be a different approach to organizational life growth.

Whether working with students, corporate executives, printing press operating crews, not for profit groups, each time I have felt that the key ingredient to the successful time together has been the opportunity for each participant to grow in his or her self knowledge. The use of journals has always been effective in providing quiet time for reflection, often with guided questions leading us to examine our strengths and our areas we could improve on, and what it is of value that we bring to this working group.

I believe also in the use of creative task activities, often utilizing my training in Corporate Business activities from Project Adventure. Laughter, and cognitive challenge, and working with others toward a successful outcome all afford such wonderful chances for seeing who we are within a working team. Journal reflections and verbal sharings of the experience enable deeper understanding of both our own role within the activity, as well as the contributions of others, and our reactions to others and their behaviors.

It is all about PEOPLE!!!! We can show dozens of Power Point presentations listing theory and examples of theory! We can utilize technology! We can read all of the many valuable books written to support us an organization! I still think the central point of all of this is the person, and if that person can be given the gift of time in our group building sessions to really understand her or him self better within the context of the group, it most often leads to positive change, positive self image, and a comfortable environment that can even be moving toward trust.

It is this magical energy that creates an organization built on respect and joy with each other. It is not easy to define, but when you have been a part of this experience, you will know it!"

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