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# Organization Health

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## From the Editor

According to reviewers, Tom Robbins writes “Zen-punk prose and spends his time exploring mythospace.” I’m not sure what that means exactly but I know he did author [Even Cowgirls Get the Blues](#) and more importantly to me made this observation: If little else, the brain is an educational toy.

I like that quip. It pushes me to think about how I use my grey matter. Sure I use it to order, rank, categorize, compare, contrast, plan, assess, evaluate, and determine. But how much do I use it to experiment and play? to test boundaries? to imagine? Less than I would like. I get caught up in the more mundane functions.

If we are going to be well-rounded individuals, however, it would be wise to take out the toy and play for awhile.

*Marilyn Baetz, editor*

## About the Author and the Article

I wish I had a nickel for every time I heard the phrase “before it’s too late.” It suggests that now maybe fine but there will be a time in the not-to-distant future when it will be too late.

In this edition, Stephen defines several early warning signs for organizations — signs which point in the direction of an imminent decline if no action is taken.

Stephen is a principal of LIVE Consultants Inc., the organization which sponsors this publication.

If you have colleagues who would like to get this publication every quarter, have them contact us at the address on the back or suggest they register for an e-copy at [www.liveconsultants.com](http://www.liveconsultants.com).



*Stephen Baetz*

# Read the Signs

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Every town has had an Evergreen Motel. Ours was on the old road to Baden and New Hamburg. We were somewhat amused that anyone would want to stay in a motel on the way to either of those places or, for that matter, why anyone would want to spend a night in Kitchener. It was the 1950s and motels on the edge of town seemed like an odd invention when there were perfectly respectable hotels that provided lodging and meals in the centre of town. Despite local skepticism, the parking lot was always packed and, on the weekends, the side streets took the overflow. The dining room was reported to be exceptional and dining at a motel seemed as exotic as going to Toronto, without the hassle of getting there.

To the amazement of many who gathered on Saturday mornings at Rudy Schoeneich's barber shop, the Coronet Motel sprung up on the other side of town and did equally as well. Locals even suggested that relatives stay at the motel when they came to visit. No respectable mother would concede that the food was quite as good as she could make but the Coronet had a pool. With any luck, visitors would ask the locals to be their guests at poolside. Just as fine, they speculated, as the new Four Seasons in Don Mills.

So popular were these suburban venues that the downtown hotels began to struggle. The advent of the mall and the deterioration of the core hastened their demise. Motels had it made. So they must've thought.

However, over the years, the number of cars in the lots of both the Evergreen and the Coronet dwindled. Not many took any real notice, except my mother. She had never read a business book, attended a seminar, or been to conferences on the health and vitality of an organization. But she was an observer. "You know it's near the end," she said to me one day, "when a motel brings in girls." That was it. She said nothing more.

What she had done was read the signs of imminent demise. For motels, bringing in strippers was a desperate attempt to find customers and stay afloat. She knew it would never work; if you were doing that, you might as well just count the days on the calendar

before the bailiff came to bar the door and hang the sign.

The memory of the Evergreen Motel got me thinking about the early warning signs that signal an organization is struggling. The assumption I'm making is that if we can read these signs earlier, we might be able to take corrective action before it's too late. Here is my list; I offer these in no particular order.

## **Early Warning: Pessimism predominates**

Every organization, no matter the sector, can talk about both successes and failures; there are times and circumstances when the organization has done exceptionally well and times and circumstances when it hasn't. A sign of imminent demise is when the storytelling focuses almost exclusively on the failures, on what hasn't worked out, on how little gain has been made, on what fizzled. When organizations and the people in them think things are bad and getting worse, they do the sorts of things that people do to protect themselves: they think no further out than month end, they look after themselves, they see others as competitors who will suck away resources, they become solely self-interested, they create simple binaries (those who aren't with me must be against me).

The trouble with pessimism is that it easily becomes self-fulfilling; the prediction of failure usually ensures failure as the outcome. After all, no one likes to be seen as unable to anticipate the future. So we get the future we imagine.

## **Early Warning: Adding layers of middle management whose primary purpose is to report**

Sure, if an organization has grown, the number of managers ought to grow proportionally. But when an organization hasn't grown significantly and middle managers are added, it is a sign of imminent demise. All too often, the primary function of middle managers is control. And adding more controls is a tacit admission that leadership isn't working and the people of the

organization aren't connected to what is to be accomplished, how it is to be accomplished, or what is really important to the organization.

In a similar vein, the addition of Ethics Officers, ethics codes, and ethics training is a common sign that the end is nearer than most anticipate. Those additions are all signs that leaders have not communicated, in words and actions, what is valued and what is the fair, right, and just thing to do. The best an Ethics Officer can do is arrive at the scene after an injustice has happened, direct the mop-up, and prepare everybody to be contrite during the PR nightmare that will follow.

**Early Warning: Excessive pressure to meet a number**

Organizations need metrics that help define what progress has been made. Without metrics we would find it infinitely more difficult to define both opportunities and problems. However, when a set of metrics becomes reduced to a single metric like EBITDA and the only pressure that people feel is to “hit that number” some weird and wonderful behaviour occurs. People stop reading signs and signals in their competitive environment, they diminish concerns that customers have, they ignore the strains and stresses borne by employees, they fail to report ground truth, they come to the conclusion that ends justify means, and they innovate with the rules of accounting and corporate governance.

**Early Warning: Appointment of a star CEO**

You know that the end is nigh when the Board makes a decision to hire a star CEO to lead the organization. I suspect that the Board is hoping that the CEO's star-quality will minimize the chances that the analysts will ask tough questions or employees will raise their hands and ask whether the emperor has any clothes. The trouble with stars is they believe they have special status and, as a result, make decisions on the basis of their personal preference rather than on the basis of what the situation requires or demands.

**Early Warning: Non-resolution of long-standing conflicts**

Differences of opinion and perspective have the potential to be productive. The dialogue around a difference can open doors to new insights and eventually innovations. However, when conflicts are allowed to mangle, forward motion stalls. Employees realize that to choose a side is political suicide. As a result, they do work-arounds, fly under the radar, and look for ways to minimize any chance that they are seen taking a side. The elephant in the room consumes so much time and attention that mission-critical work never gets the time and attention that it should.

**Early Warning: Losing focus**

You can start counting the days when any organization loses focus and agrees to do anything to either generate revenue or reduce costs. The day after, they start doing stuff that they are not good at, stop doing stuff that is important to their customers, expand into markets they don't understand, offer products and/or services for which there is no infrastructure support, or make acquisitions to cover balance sheet inadequacies.

**Ignore the Warning at Your Own Peril**

The list of early warnings could be longer:

- ✓ failing to invest regularly in the development of individuals and teams,
- ✓ assuming silence is consent,
- ✓ constantly reorganizing,
- ✓ hiring people in the image of the leader,
- ✓ keeping your eyes on the competition more than you do the customer,
- ✓ believing that satisfaction and loyalty are the same thing, or
- ✓ staying with the under-performing devils you know.

The challenge that is worth taking up is finding the time to read the signs and signals and mustering the hearts and minds of leaders within the organization to make the changes that are necessary.

# Let's Stop Training And Let's Start Educating

Ever wonder why senior management views trainers as mechanics and the classroom as the service department where you send people to be fixed?

Senior executives didn't get that impression on their own.

Somehow or other that impression is there because our profession has helped to create it. Training has been used all too often as a quick fix. "Not performing? Let's send them on this training program, give them some basic skills, and see if it makes a difference."

It won't.

We owe it to our organizations to provide people with an education and get out of the quick-fix business. Education improves the quality of the organization's intellectual capital by not only building skills but also building knowledge and the supporting attitudes. Education is a longer-term developmental process which helps people understand context and constraint. Education focuses as much on how to think as what to do. Besides, if the truth were told, most current performance problems are best addressed by the immediate manager on a one-to-one basis with specific coaching, support, and follow-up — not by mere classroom input and practice.

If our business is education, then a long-term development process should be what we offer and promise. To do that, we should

- be thoughtful about what attitudes, skills, and knowledge we help managers to learn,
- develop a variety of learning experiences — inside and outside the classroom — that complement one another,
- measure what contributions we are making to learning, and
- refuse to offer quick fixes.

If you would like some help in figuring out how you can best carry out the development work of an educator, please call us.

**For more information about our services, contact us at (519) 664-2213.**