THE CONFERENCE BOARD REVIEW

IDEAS AND OPINIONS FOR THE WORLD'S BUSINESS LEADERS

LET YOUR PEOPLE GO

SHOULD YOUR COMPANY TOLERATE—EVEN ENCOURAGE—VOLUNTARY TURNOVER?

HANNA ROSIN ON MEN'S PLACE IN A 'FEMINIZED' ECONOMY

ELIMINATING GROUPTHINK DEMANDS REAL DIVERSITY

CIRCUIT CITY'S FORMER CEO SURVEYS THE WRECKAGE

THE CONFERENCE BOARD

Fall 2012
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OPENERS

ARE YOU ALL ON THE SAME PAGE? IS THE WHOLE TEAM ON THE BUS? Is the entire company moving in one direction, toward one goal, like a well-oiled machine? Well, that's your problem, right there: the Stepford organization.

It's both a cliché and a truism that no one wants to be surrounded by yes men. What we want, instead, is to be surrounded by vocal skeptics . . . who just happen to say yes to everything.

Sure, conformity makes things easier. A CEO who adheres to a particular consulting matrix will grumble less if everyone enthusiastically falls in line. Compiling teams of compatible personalities makes everything smoother. Any manager will have an easier time handling a group of people who are, more or less, in her own image. And even with equal-opportunity programs and goals in place, it's only natural to hire people who fit a narrow, familiar profile—that of the person doing the hiring.

The danger is, of course, groupthink, in which people not only float along on the prevailing winds, so as to be on the winning side of an argument, but actively root out those hesitant to go with the flow. In coining the term sixty years ago, William H. Whyte defined groupthink as "a *rationalized* conformity—an open, articulate philosophy which holds that group values are not only expedient but right and good as well." In today's volatile business environment, marching in lockstep can have fatal consequences: failure to recognize emerging markets or potentially disruptive competitors, missing unconventional opportunities, not challenging obviously bad ideas that originate in the C-suite. Unexpected, out-of-left-field, serendipitous facts and opinions are at the root of both fostering innovation and avoiding icebergs.

How to avoid groupthink? Start by bringing aboard people who aren't naturally part of the group. In this issue, John Buchanan's "Think Different?" clearly distinguishes between traditional diversity and diversity of thought—that is, between people who look different and people who, well, think different. This doesn't necessarily mean giving free rein to would-be whistleblowers (though, as Ann Kraemer argued in these pages last year, it's not a bad idea). But it does mean being more tolerant—in your heart, not just in stated policy—of dissent, of stated reservations, of people who express ideas and concerns in a different style than you might.

There's another essential element to independent organizational thinking—broadening your own horizons. This requires a conscious effort: As the world expands, what appears on our own PC and tablet and smartphone screens is ever narrower, with news and opinions customized to match our own; social media promises a wide range of views but basically confirms that most of our friends and colleagues agree on pretty much everything.

So: Along with working to diversify the voices and views around you at the office by encouraging different types of thinking, try to diversify what you read and hear at home and on the train. Avoiding groupthink begins with what's in your own head.

MATTHEW BUDMAN
Editor-in-Chief

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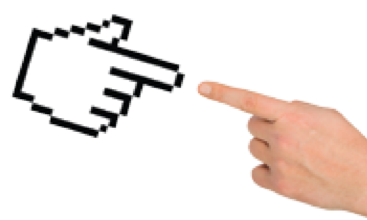
TABLE OF CONTENTS

FEATURES



SOUNDINGS

COLUMNS

SIGHTINGS

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When you read with a child
EVERYBODY
WINS!

Untruthfulness = Untrustworthiness

BY ERIKA ANDERSEN

I'VE ONLY "FIRED" A HANDFUL OF CLIENTS IN MY LIFE AS A CONSULTANT. Once or twice, it was because they simply saw the world and people's motivations so profoundly differently than I that I couldn't imagine how we could be helpful to them. Every other time, it's been a matter of trust.

There's one instance that stands out to me in particular; this happened almost fifteen years ago. I was talking with the CEO of a small entertainment company about the possibility of having me coach one of his executives. He seemed reasonably clear about this woman's strengths and weaknesses, and the conversation was going fairly well. I was explaining to him the pre-coaching process we use, in which we interview six or eight people who work closely with the coachee, to get a sense of how they're perceived, and so that we can share that perception with him or her. We hold the specific remarks in confidence; the coachee gets a summary report that focuses on key strengths and weaknesses noted by the majority of the interviewees.

The CEO said, "Well, you can tell her you're going to talk to people, but I only want you to talk to me, and I want you to write the report based on what I say." I was speechless for a few moments, and my face must have reflected my shock.

ERIKA ANDERSEN is founding partner of New York-based consultancy Proteus International and a blogger at Forbes.com. From *Leading So Others Will Follow* (Jossey-Bass).

"Here's the deal," he went on. "She's pretty good, but she's not as good as she thinks she is, and other people will just confuse the issue. I want this report to take her down a peg."

It was untrustworthy on so many levels that I couldn't even begin to respond. More importantly, I didn't want to. I told him I didn't think our approach would be a good fit for him and got out of there as quickly as possible. I felt slightly grubby for the rest of the day.

For most of us, our non-truth-telling is less black-and-white and less manipulative. We tell one person that we're going to pursue his idea, and then tell the next person—with a completely different idea—that her idea is great and that we're going to pursue it. Even when we know we can't do both things, or that the ideas are in fact contradictory, we tell ourselves that it's OK to act this way: We weren't sure which way to go, we don't want to disappoint either employee, we don't want to cut off our options prematurely, etc. Unfortunately, when we finally decide which way to go, the person whose idea we're not using feels lied to.

Or perhaps—this is another really common leadership situation—Person A comes into our office to complain about Person B. We more or less agree: "Yeah, B definitely tends to get a little carried away; it's irritating." But then, when B comes in to complain, in turn, about A, we agree with that assessment too: "Yeah, I know he's hard to read, and can be a stick in the mud. It gets in the way of progress." We might think we're just being understanding or keeping the peace. But if the two people compare notes, they'll conclude that you're saying things you don't really believe to one of them (or perhaps both).

Sometimes, as leaders, we can convince ourselves that these untruths, half-truths, or misstatements will somehow be invisible, or that people won't notice or won't check in with each other. It's simply not true. As a friend of mine used to say, "You know we can see you, right?" When you're the leader, people are generally hyper-aware of your behavior. They want to know whether or not it will be safe and productive to "sign up" to follow you, and they're especially looking for signs of your trustworthiness (or the lack thereof). Assume that if you shade the truth, or misrepresent some checkable fact, or say one thing to one person and something different to someone else, it will be seen, commented on, and judged.

What Have We Learned?

BY ERIC RIES

As an entrepreneur, nothing plagued me more than the question of whether my company was making progress toward creating a successful business. As an engineer and later as a manager, I was accustomed to measuring progress by making sure our work proceeded according to plan, was high-quality, and cost about what we had projected.

After many years as an entrepreneur, I started to worry about measuring progress in this way. What if we found ourselves building something that nobody wanted? In that case, what did it matter if we did it on time and on budget? When I went home at the end of a day's work, the only thing I knew for sure was that I kept people busy and spent money that day. I hoped that my team's efforts took us closer to our goal. If we wound up taking a wrong turn, I'd have to take comfort in the fact that at least we'd learned something important.

Unfortunately, "learning" is the oldest excuse in the book for a failure of execution. It's what managers fall back on when they fail to achieve the results they promised. Entrepreneurs, under pressure to succeed, are wildly creative when it comes to demonstrating what they have learned. We can all tell a good story when our job, career, or reputation depends on it.

However, learning is cold comfort to the employees who are following an entrepreneur into the unknown. It is cold comfort to the investors who allocate precious money, time, and energy to entrepreneurial teams. It is cold comfort to the organizations—large and small—that depend on entrepreneurial innovation to survive. You can't take learning to the bank; you can't spend it or invest it. You cannot give it to customers and cannot return it to limited partners. Is it any wonder that learning has a bad name in entrepreneurial and managerial circles?

ERIC RIES is author of the entrepreneurship blog Startup Lessons Learned. From *The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses* (Crown Business). ©2011

Brilliant Mistakes

BY FRANS JOHANSSON

WHEN WE THINK OF HOW LARGE COMPANIES BECOME SUCCESSFUL, WE THINK OF WHAT BILL GATES AND STEVE BALLMER DID. They looked at their strengths and weaknesses; they assessed their opportunities and threats; and then they made a logical call: Go for the kill if you can, or team up if you can't. And in that context, it made perfect sense for Microsoft to partner with IBM to create OS/2.

But great strategies are not based on what makes sense. Rather, they are based on what sets you apart and what you can reasonably defend. Those types of insights are almost never the result of a logical calculation. Instead, small, fortuitous observations can tip the balance. Consider how YouTube developed its main strategy. Today it is the single largest site for uploading and watching videos, and it has been since its inception. In retrospect, the idea seems dead simple and incredibly obvious, almost unbelievably so. There were any number of people in Silicon Valley beating their heads against the wall because they had not figured it out.

But not even the founders of YouTube were clever enough to figure out what YouTube was all about at first. In fact, their company started out as an online dating site called Tune In Hook Up. People would post videos of themselves on the site, and prospective dates could vote on them. The idea didn't work out, but it laid the technical foundation for another, more potent idea. After two of the founders, Chad Hurley and Steve Chen, were unable to email a video of a dinner party they'd attended, and after the third founder, Jawed Karim, could not find a video of Janet Jackson's Super Bowl "wardrobe malfunction," the three made a momentary connection: What if there was a site on which you could upload videos and anyone could see them? The domain name youtube.com launched on February 14, 2005, and took off like a three-stage rocket. Google bought the company eighteen months later for $1.65 billion.

When we hear stories like these, they surprise us because we tend to believe that a great company must have started with a great idea. We want to think that the minds behind the idea were acting in a carefully calculated and deliberate way. Having a plan in place would mean that we could imitate their approach. But in this case, following YouTube's approach would mean launching a crappy dating site. That seems like a mistake, one that some careful, logical thinking would allow us to avoid. But launching something—even a crappy dating site—is exactly what we should do as long as we are open for click moments that can change our trajectory.

■ FRANS JOHANSSON is CEO of the strategy consultancy The Medici Group. From *The Click Moment: Seizing Opportunity in an Unpredictable World* (Portfolio/Penguin). ©2012

Who Wants This Job?

BY R.J. MORRIS

Early in my career, I took a turn doing light industrial contract recruiting. Temp work for lots of warehouse workers, forklift drivers, mechanics, etc. Physically demanding, low wages—these were tough gigs, and recruiting for them was a bear.

It was, though, great training. Boiler-room environment, fast pace, demanding clients, low margins, high tempers. "Hey, R.J., we need a third-shift warehouse tech, three-week assignment, starting tonight at 11 p.m. Go get 'em."

All of the jobs were hard to successfully recruit for, but by far the worst job we worked on was to place folks at a food-color company. The company's model was to bring temporary employees in before offering them full-time roles, and their first job was in the color mixing area. It was appropriately nicknamed the "Blender."

Imagine fifteen workers, mixing powdered and liquid colors in huge vats with long oar-like paddles, twelve-hour shifts at a time. The powdered color floated through the air everywhere. At the end of the shift, the guys (all were guys) had semi-permanent tie-dye tattoos. These were industrial-strength food dyes, used to make, for example, the different colors of Skittles.

Apparently, when you worked with them for twelve-hour days, they also dyed skin. It took a guy thirty minutes of scrubbing with Lava Soap to get the stains off. Remember Lava Soap? These dudes bought it by the case.

What can a crappy job teach you about recruiting? This is where I first learned the concept of a "value proposition." I did not learn the formal definition until later in my career, but after having five guys in a row start the job and quit after three days, we all started asking questions: Why would anyone want to work in this job? What's the benefit to the employee? What types of people will respond to that offering and where can we find them? We spent time at the company, interviewing new and tenured employees.

For the company running the Blender, their value proposition was this: Come in, get along, work hard, don't whine, and you'll get rewarded. If you complained too much or did not get along with your Blender Buddies, you were out. If you lasted six months, the company offered you a full-time role, including benefits and a decent raise. Most importantly, employees rotated out of the Blender after one year. No more blue arms and orange ears. We just found the value proposition.

Voluntary attrition in the first three months was over 55 percent. In the next three months, it dropped to about 12 percent. After one year, it went somewhere south of 5 percent. Make the cut, and you'll likely stay long-term. For industrial plant workers in the late 1990s, that was a valuable offer. In many regards, these were good jobs—dirty but good—and I was grateful we helped some people earn a salary.

I'm not trying to fool anyone: Recruiting for the job sucked. All I'm saying is that we had zero success until we really dug into what types of people were successful. We failed until we could consistently articulate the value an employee received in exchange for a year of needing Lava Soap massages.

■ R.J. MORRIS is a talent acquisition/staffing director with McCarthy Building Cos. From the Fistful of Talent blog.

It's Not in the Manual

BY FRANK J. BARRETT

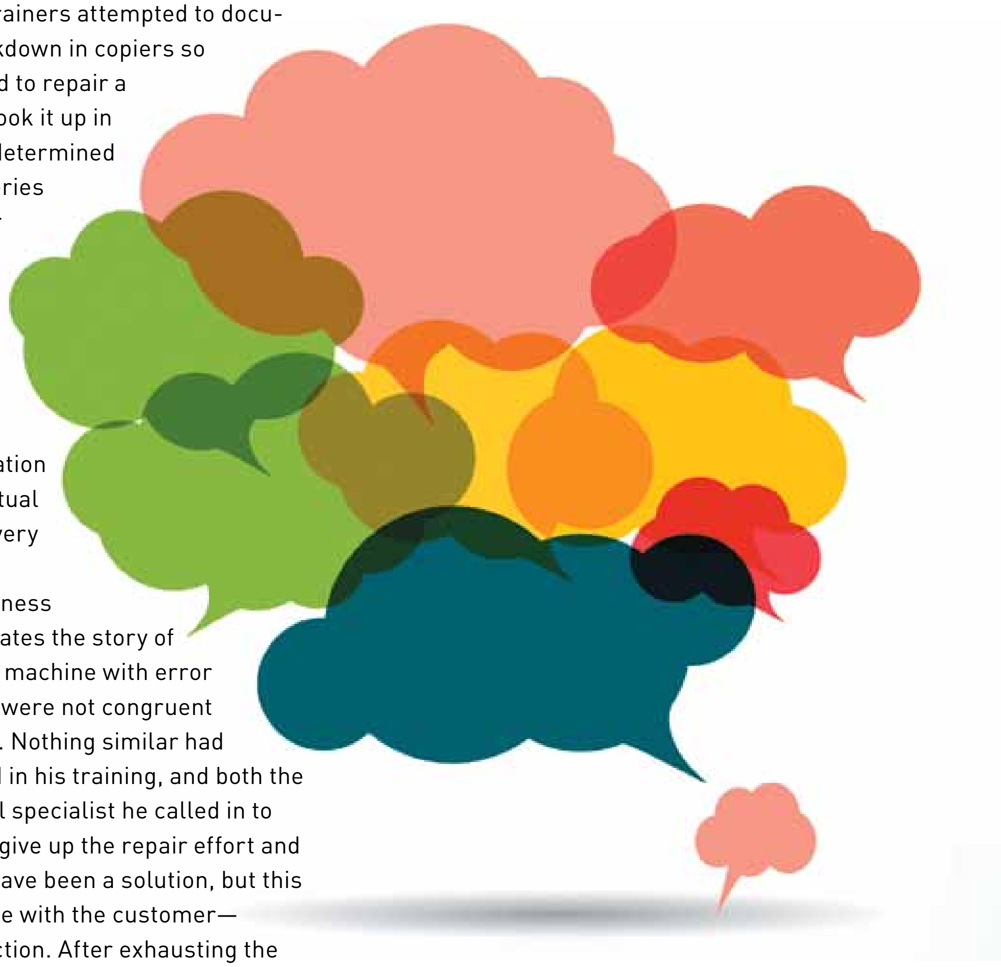
ORGANIZATIONS TEND TO FORGET HOW MUCH IMPROVISATION, BRICOLAGE, AND RETROSPECTIVE SENSE-MAKING MANAGERS NEED TO COMPLETE DAILY TASKS. In an effort to control outcomes and deskill tasks, managers often attempt to break down complex jobs into formal descriptions of work procedures that people can follow automatically. In a perfectly rational world, such strategy makes perfect sense, but that's rarely the way work actually gets done. Many, perhaps most, tasks in organizations are indeterminate, undertaken by people with limited foresight. To meet their duties, employees frequently need to apply their own resourcefulness, cleverness, and pragmatism. They play with various possibilities, recombining and reorganizing, to find solutions by relating the dilemma they face to the familiar context that preceded it.

Consider the study of Xerox's training for service technician representatives. In an effort to down-skill the task of machine repair, the trainers attempted to document every imaginable breakdown in copiers so that when technicians arrived to repair a machine, they could simply look it up in the manual and follow a predetermined decision tree to perform a series of tests that dictated a repair procedure. The premise was that they could devise a diagnostic sequence to respond to the machine's predictable problems. However, the study revealed that no amount of documentation could include enough contextual information to understand every problem.

In a 1990 essay, Xerox business anthropologist Julian Orr relates the story of a technical rep confronting a machine with error codes and malfunctions that were not congruent with the diagnostic blueprint. Nothing similar had been documented or covered in his training, and both the original rep and the technical specialist he called in to help were baffled. To simply give up the repair effort and replace the machine would have been a solution, but this would have meant loss of face with the customer—an unacceptable course of action. After exhausting the approaches suggested by the diagnostic, they attempted to make sense of this anomaly by connecting it to previous experiences and stories they had heard others relate. Finally, after a five-hour session of trials and errors, they came upon a solution.

So it is with many jobs in organizations. They require bricolage—fumbling around, experimenting, and patching together an understanding of problems from bits and pieces of experience, improvising with the materials at hand. Few problems provide their own definitive solutions.

■ FRANK J. BARRETT is an associate professor at the U.S. Navy's Graduate School of Business and Public Policy. From *Yes to the Mess: Surprising Leadership Lessons From Jazz* (Harvard Business Review Press). ©2012



Reverse-Engineering Leadership

BY JIM STROUP

Have you ever had a boss that clearly had his (or her, of course) act together? He seemed to have all the answers, could grasp the core issue of a problem and resolve it on the fly, and understood every aspect of the business from everyone's perspective—employees, vendors, customers, even prospects.

This all made him the focal point of everyone's attention. Everything emanated from him, and everything that was sought but not found could be asked of him. This is all pretty heady leadership material, isn't it?

But wait, there's more:

In spite of these superlative abilities, he wasn't the least bit arrogant. Not only did his attitude seem refreshingly humble—he had an almost Zen-like self-effacement about him. And when you spoke with him, he turned and gave you his full attention, as if he was about to learn something important from you, that listening to what you had to say was absolutely the most valuable use of his time at that moment.

Wow! Now that's a real leader, isn't it? Intelligence, technical ability, focus, drive, humility, people skills, all adding up to a magnetically charismatic personality. The whole package. All the things the Modern Leadership Movement's (MLM) experts say are what make a leader.

In fact, those experts say that those are precisely what make him a leader, and what can make you one, as well, if you only purchase their products and follow their prescriptions.

So, now, let's consider that for a moment. Do you think that's what your boss did? Do you think he learned to be a "leader" as we've observed him to be from a seminar or a book? For example, when he was listening so attentively to you, do you think he was truly focused on the import of your message, or was he silently reminding himself that this was the perfect opportunity for putting that leadership attribute on display?

Let's go back to his role as the answer man. Did he get that (genuine) ability just from being smart, or perhaps from technical reading, or from his own personal experience?

Or did he get it from seeking out and listening to everyone's perspective—employees, vendors, customers, even prospects. In fact, listening attentively and fully, not placing himself—and his pet projects, personal biases, or professional prejudices—between him and what his informants were saying to him about his business and their relationship with it?

That's how first-class bosses come to obtain the set of qualities from which MLM experts erroneously try to reverse-engineer "leaders." Real managers such as these get it from the work, and from everything and everyone related to the work. And the only way they can do that is by subordinating themselves to the work and to those who can help them make it succeed.

That "leadership" they're radiating is really you reflecting back on you, because they have enough sense to know that—unlike the arguments of the MLM community—it's not about them. It's not about their personal qualities. It's about the business, how it's perceived by everyone connected with it, and how that knowledge can be obtained, harnessed, and employed to make it more successful. That process, of course, is a classic description of management.

If you are all about attaining these specific personal qualities MLM-style, then you are doomed to failure. Seeking the cynically marketed magical aura of leadership will undermine both the work at hand and you as well.

On the other hand, if you are about the work, you may find that you are beginning to be perceived as that mythical creature: a leader. But don't fall for your own PR—the moment you do is when it all begins slipping away.

You just keep working on how to be a better manager for your business. You'll learn how from the effort itself, as well

PUT DOWN THE LEADERSHIP BOOKS. GET OUT OF THE OFFICE. OBSERVE. PAY ATTENTION. ASK QUESTIONS. FORGET ABOUT YOURSELF LONG ENOUGH TO LISTEN TO AND ABSORB THE ANSWERS.

as from the unique nature of your industry and your place in your company. Put down the leadership books. Get out of the office. Observe. Pay attention. Ask questions. Forget about yourself long enough to listen to and absorb the answers.

The qualities often associated with leadership aren't its building blocks—rather, to the extent they exist at all, they're wholly incidental consequences of the focus on their duties invested by dedicated managers. They're likely not even actually the personal qualities of the person with whom they're associated but, rather, are those of a diverse cadre of people and experiences from which that person draws them.

■ JIM STROUP is a management consultant specializing in organizational leadership. From Managing Leadership, at http://managingleadership.com/blog.

When to Defy Orders

BY LOUIS FERRANTE

PHILADELPHIA DON "LITTLE NICKY" SCARFO WANTED TO WHACK MOBSTER SALVATORE TESTA. SCARFO HAD ONE OF HIS CAPOS GIVE THE CONTRACT TO TESTA'S BEST FRIEND, JOE PUNGITORE. Pungitore was unhappy with the job, but business was business; he had to do it or he'd be killed himself. He agreed to lure Testa to his death but refused to pull the trigger.

When Scarfo was told of Pungitore's response, he laughed and said, "What the fuck's the difference?" Scarfo understood that participation in a murder was the same as personally killing someone.

Big corporations don't put contracts out on their employees, but they can perpetuate evil just as effectively as the Mob.

Unlike a member of the Mafia, who must follow orders or be killed, as an employee of a company, you can say no to an unethical demand or assignment. You don't have to deny treatment to an ill person who has no health insurance. You don't have to pick up the phone and harass an old woman drowning in credit-card debt. You can say no. No is such a powerful word that Gandhi, a small man dressed in rags, brought the mighty British Empire to its knees by saying it.

If you're aware of shady business practices and either look the other way or say to yourself, "I'm just following orders," tell me, "What the fuck's the difference?" You're as guilty as the people you work for.

■ LOUIS FERRANTE is a former Mafia associate and heist expert. From *Mob Rules: What the Mafia Can Teach the Legitimate Businessman* (Portfolio/Penguin). ©2011

Why Are We All Here?

BY RODGER DEAN DUNCAN

In virtually every organization on the planet, people are doing fake work. I'm not talking about the laggards who deliberately invest more energy in getting out of work than in performing meaningful service. I'm talking about earnest and honest people who work very hard at well-intended things that don't really contribute to strategic purpose. This includes a lot of the meetings, reports, briefings, procedures, and other activities that consume people's time on the job.

One of the most common causes of fake work is the unchallenged assumption. Here are two examples.

A major public utility company held a bi-weekly "leadership council" meeting of key managers. I was invited to observe one of the meetings. It was a sweltering summer day, and the meeting was in a windowless room with little ventilation. About thirty people crowded around a huge table. An ancient projector was at the end of the table, its fan throwing off enough heat to melt a glacier.

Over a three-hour period, we endured several death-by-PowerPoint presentations. Only six or eight of the people in the room ever uttered a word. The folks in the room—none of whom looked ready to do a Bowflex infomercial, if you know what I mean—mostly seemed determined to sip their Diet Cokes and shift in their chairs in an effort to stay awake. At the end of this marathon, I asked the senior executive, "What's the purpose of this meeting?" It was apparently a question he hadn't considered. "Oh, uh, to keep people informed?" he responded, with a question mark of his own. I asked what he meant by that, and he said the idea was for the meeting attendees to take what they learned back to their people so everyone would "be on the same page."

I told him my observation was that the meeting has no such effect at all. In fact, in my interviews with many people in the company, I'd received basically two responses when I asked what goes on in that bi-weekly leadership-council meeting: (1) "I don't have any idea, but my boss is gone for three hours and that's a good thing," or (2) "I don't have any idea, but my boss is gone for three hours and we really need him here with us."

Thirty managers times three hours each times twice a month for many years. You do the math. With no specific strategic purpose for the meeting, with no measures of desired outcomes, with no real protocols for follow-up, it was nothing but trust-busting fake work.

In another example of fake work, one of my Canadian clients proudly produced what was called the QBR, for Quarterly Business Review. The expressed purpose of this massive report (several hundred pages of charts and graphs and meticulous descriptions of operating results) was to "keep people informed" and, you guessed it, "on the same page." I did some digging, and here's what I found. No fewer than thirty-five people worked virtually full-time gathering information from disparate sources and stitching it all together into a patch quilt of mind-numbing data. The report was distributed to several dozen people, but only six of them—six—told me they ever even looked at the report. And all six of those readers said they looked at only a small portion of the report—which contained information they could easily access elsewhere.

When I reported this Canadian version of the Abilene Paradox to senior management, they were incredulous. The QBR had been produced for years, and nobody had ever complained (certainly not the thirty-five editors who were gainfully employed doing fake work). Only after further interviews and verification did the senior management team agree to disband the QBR in favor of a much simpler and more useful reporting system.

Again, most fake work is the result of unchallenged assumptions, not the deliberate behavior of someone who merely pretends to be busy. Most fake work is done by honest people who simply have not connected the dots between the work they do and the strategic goals of the causes they serve.

RODGER DEAN DUNCAN is an author, consultant, executive coach, trainer, and founder of Duncan Worldwide. From *Change-Friendly Leadership: How to Transform Good Intentions Into Great Performance* (Maxwell Stone).


TOTAL STOCK LIQUIDATION
EVERYTHING MUST GO!
STORE CLOSING
EVERYTHING MUST GO!
ALL STOCK REDUCED!
TOTAL STOCK LIQUIDATION
EVERYTHING MUST GO!
EVERYTHING MUST GO!
CLOSING
EVERYTHING MUST GO!

■ MATTHEW BUDMAN is editor-in-chief of *TCB Review*. Throughout the 1980s, he purchased most of his stereo and video equipment at Circuit City.

COLLAPSE

ALAN WURTZEL HELPED MAKE CIRCUIT CITY A GREAT COMPANY. AND THEN HE SET OUT TO LEARN WHY IT FAILED.

BY MATTHEW BUDMAN

WHEN A COMPANY IS CRUISING ALONG, EARNINGS AND SHARE PRICE HIGH, EVERY MOVE SEEMS LIKE THE RIGHT ONE, INEXORABLY LEADING TO SUCCESS, AS THOUGH IT WERE PLANNED THAT WAY. ON A DOWNWARD TRAJECTORY, EVERY STRATEGIC SHIFT LOOKS DISASTROUS—IN RETROSPECT, OBVIOUSLY SO.

Circuit City enjoyed a run as a good company before becoming a great company, one worthy of a Jim Collins profile in his 2001 bestseller *Good to Great*. And then, after fifty years in business, everything went to hell. The reason wasn't a hostile takeover, an accounting scandal, a class-action lawsuit, or an act of God—it was, simply, that the consumer landscape shifted and Circuit City failed to keep pace, leaving room for Best Buy to become the default place for people to buy TVs and audio cables and DVD players and videogames.

Alan L. Wurtzel was a protagonist in the Circuit City saga from the beginning, as the son of company founder Sam Wurtzel, before being named in-house counsel, CEO for a dozen years, and finally chairman for another fifteen. He retired in 2001, at a turbulent time for the company, for consumer technology, and for the global economy. Less than eight years later, a bankruptcy judge ordered Circuit City to close its 567 stores and liquidate its assets.

Now 79, Wurtzel wanted to find out where it all went wrong as well as why it all went right for so long, and the result is *Good to Great to Gone: The 60 Year Rise and Fall of Circuit City* (Diversion), a sometimes brutally candid look at top personnel moves, strategic plans and execution, and how decisions were made about everything from store locations to sales incentives to stock-repurchase plans.

He spoke via Skype from his Washington, D.C., home office.

YOU RETIRED FROM THE CIRCUIT CITY BOARD JUST AS THINGS WERE BEGINNING TO GO WRONG. YOU MUST HAVE KNOWN IT WOULD BE PAINFUL TO REVISIT THOSE LAST YEARS. WHY DID YOU DECIDE TO DO IT?

First of all, I wanted to understand what happened. I thought I understood a lot about the company from its beginnings in 1949; I was still a kid in high school, but I was interested in what my father was doing and had a pretty good understanding of what was going on. And of course, I was deeply involved for the term I worked for Circuit City and stayed on the board. But after 2001, I pretty much severed my ties with the company; I was not an investor and was not privy to what was happening. So I wanted to learn more.

I've always been interested in business history, particularly business strategy. And in Circuit City, here's a company that survived over sixty years in probably the most turbulent and exciting segment of consumer marketing that this country's ever seen. When my father started, we sold radios and then tiny, black-and-white TVs, and today we're Skyping! I thought it would be interesting to study the business strategies that the company pursued over that sixty years as the products changed, the economy changed, the market changed, and the competition changed.

And the last reason is that I'm still concerned about the tens of thousands of people at Circuit City who lost their jobs through no fault of their own. I thought they'd like to know what happened to their company. They should be proud of most of what was accomplished.

HOW DID IT FEEL TO REVISIT ALL THOSE YEARS OF BUSINESS HISTORY—ANNUAL REPORTS, STRATEGIC PLANS, REAL-ESTATE DEALS, EXECUTIVES HIRED AND FIRED?

It was exciting! I went back and read annual reports from my father's day, my day, and after that. I found it interesting, challenging, and enjoyable.

YOUR FATHER CO-FOUNDED WARDS CO., WHICH EVENTUALLY BECAME CIRCUIT CITY. WHAT'S IT LIKE TO RUN A COMPANY WITH WHICH YOU LITERALLY GREW UP?

I don't have any experience running a company with which I *didn't* grow up, so it's hard to make a comparison. I can say that a family business—and this was certainly a family business as long as my dad was alive—has both benefits and challenges. The benefits are loyalty and a sense of common purpose. The minuses are disagreements that become more difficult when family dynamics get in the way of business decisions.

And to be perfectly honest, I'm not sure I would have become the CEO of a multimillion-dollar company if it hadn't been started by my dad. Obviously, I had a leg up: I became CEO at a relatively young age because he had confidence in me. We were friends when we started and friends when we ended.

BETTER THAN YOUR ENDING UP ESTRANGED.

That's happened in more than one business.

IN STUDYING THE HISTORY OF CIRCUIT CITY, WAS IT FRUSTRATING TO SEE MOVES THAT YOU AND THE COMPANY SHOULD HAVE MADE AND DIDN'T? TO IDENTIFY QUESTIONS THAT YOU SHOULD HAVE ASKED?

Of course. Clearly I should have challenged my father more in the early days, when we were making a lot of helter-skelter acquisitions. Later, when I was on the board, I should have challenged CEO Rick Sharp more when Best Buy was starting to eat our lunch. I certainly should have built a stronger infrastructure and a stronger team so that staying on as CEO would have seemed more appealing than retiring at an early age. But I did the best I could, and I have no regrets. Hindsight is twenty-twenty.

SPEAKING OF HINDSIGHT: IS IT FAIR TO OTHERS—AND TO YOU—TO BE SO CRITICAL OF DECISIONS MADE THEN?

If this were a private company, I might have a different answer. But Circuit City was a public company. I, and the other CEOs of Circuit City, are subject to analysis, and if that analysis leads to criticism, so be it. My purpose was not to criticize for the purpose of being critical or to aggrandize myself or delegitimize them—it was to understand, in the context of the time, what were the appropriate strategic decisions and what were the inappropriate decisions. I didn't deal with personal peccadilloes of any of the people who were involved, though if I'd wanted to I could have found a few.

DID YOU DRAFT ANY SECTIONS THAT SETTLED PERSONAL SCORES AND THEN GO BACK IN AND DELETE THEM?

There were a few lines here and there that, on rereading, I thought, "You know, that's not really appropriate or necessary." I guess I could have put in more scandal—not big scandals, but a few little ones.

"LATER, WHEN I WAS ON THE BOARD, I SHOULD HAVE CHALLENGED CEO RICK SHARP MORE WHEN BEST BUY WAS STARTING TO EAT OUR LUNCH."

MAYBE IN THE SECOND EDITION.

No, I don't think so!

YOU STARTED PLANNING TO STEP DOWN AS CEO WHEN YOU WERE ONLY 48. DO YOU EVER FEEL, EVEN FOR A MINUTE, AS THOUGH YOU LEFT THE COMPANY ON THE RIGHT TRACK AND OTHERS DERAILED IT?

I think the tracks a company runs on are constantly changing. No company can be set up and run down the track for ten, twenty, thirty years. The economy is changing; the market is changing; the competition is changing; the customers are changing. So I don't think anybody derailed it. In fact, I would say that the track on which I left the company in 1986 led to its peak success, and Rick Sharp did a terrific job of managing the company from '86 to the mid-'90s. He did, in my judgment, a better job than I would have done if I had remained the CEO.

But the tracks shifted; things changed in the economy and in the marketplace. And the mistake Rick made was to keep pursuing the same strategy that he inherited and he enhanced and improved when that strategy was no longer as relevant in 1995 as it was in 1985. He didn't change with the times.

BY WALL STREET'S STANDARDS, SHARP'S FOURTEEN-YEAR TENURE WAS A SUCCESS AT THE TIME. EARNINGS ROSE BY A FACTOR OF FIFTEEN AND MARKET CAP BY A FACTOR OF NINE.

Absolutely. As in any major enterprise, the changes aren't always visible in either the top line or the bottom line. Companies can begin to lose relevance or market share or importance for a number of years, while still reporting good earnings. But they may be losing position. The most Circuit City ever made was 2000, the year that Sharp retired. Underneath, we had lost the battle to Best Buy, but that wasn't obvious if you looked only at sales and earnings.

HOW DOES SHARP FEEL TODAY ABOUT HIS LEGACY AS CEO?

I suspect he thinks that what happened to Circuit City was pretty much inevitable, that the world had changed and that its time in the sun was over. I think he feels that he did as good a job as he could and that there probably wasn't a magic bullet to turn it around. One thing I can say is that Rick is an entrepreneur at heart, and he is much more fascinated with building emerging businesses than with running existing, traditional, old-line businesses.

THE BOOK'S MOST STRIKING SECTION LOOKS AT CIRCUIT CITY'S THREE-YEAR STRATEGIC PLANS IN THE 1990S, IN WHICH MANAGEMENT REFUSED TO ACKNOWLEDGE THE RISE OF BEST BUY, FAILED TO ASK KEY QUESTIONS ABOUT HOW CUSTOMERS WERE CHANGING, AND MOVED THE GOALPOSTS ON WHAT CONSTITUTED SUCCESS.

I was surprised, as I looked back, by how many clues we failed to act on. And that may be the best lesson: When you think you have all the answers and aren't ready and willing to challenge yourself and your assumptions, that's when you fall into trouble. There were a few board members that challenged management, but most of the board went along. And, of course, I was on the board for most of it, so I share some responsibility.

YOU WRITE THAT, "A NUMBER OF SENIOR AND MIDDLE MANAGERS RECOGNIZED EARLY ON THAT BEST BUY WAS A SERIOUS

THREAT" BUT ALSO THAT "CIRCUIT CITY WAS STUCK IN ITS OWN BELIEF SYSTEM. IT CLEARLY UNDERSTOOD THAT THE WORLD HAD CHANGED, BUT IT COULD NOT BRING ITSELF TO ACT ON THAT REALITY." DID TOP PEOPLE TRULY UNDERSTAND WHAT WAS HAPPENING AND HOW CIRCUIT CITY FIT INTO THE CHANGED ENVIRONMENT?

Some people did. Of the three top people, two of them left the company because they felt a little frustrated that Circuit City was no longer on the right track. In any company, when the CEO and two or three of his top associates agree that something is the right strategy, it's hard for a board member and particularly for another member of the management team to be the squeaky wheel. You can squeak for a while, but you get drowned out. When you leave, they find another wheel.

YOU WERE CHAIRMAN OF CIRCUIT CITY THROUGHOUT THE '90S, AND YOU DESCRIBE THE DIRECTORS AS BEING INDEPENDENT BUT NOT ALL THAT EFFECTIVE. WHY NOT?

First of all, the times were different. Today, the big pension plans are much more critical of directors and much more focused on governance than they were in the '90s or even five years ago. I've been a director of public companies since I retired from Circuit City, and the scrutiny is a lot more intense.

Second, there are a lot of perks to being a director. When you're a director of a $10 billion company, that's a feather in your cap at your country club, in your business club, in your business. There are financial perks of $50,000 or $100,000 a year, and even for relatively successful people, that's a very noticeable piece of change. And in cases, camaraderie builds among directors. They enjoy each other's company; it's fun to be at a board meeting and joke with other peers and meet challenges together.

So board members have always been reluctant to challenge the CEO and rock the boat. That's inherent in the system, and I don't think that's likely to change.

WHAT ABOUT PROPOSALS FOR MORE DIRECT SHAREHOLDER PARTICIPATION IN NOMINATING DIRECTORS?

I'm not sure that's the answer. But the current system is self-perpetuating and makes it difficult for even the most conscientious director to be a squeaky wheel. I was on the board of one respectable public company, and I raised provoking questions—in what I thought was an objective and decent way—that management didn't want to confront. When I said, "This company needs to do long-range planning," it fell on unfertile ground. And after a year and a half, I was asked to step off the board. Public companies don't welcome outsiders raising hard questions.

"WHAT KILLED CIRCUIT CITY, AS MUCH AS ANYTHING, WAS THAT DECISION TO BUY BACK A BILLION DOLLARS' WORTH OF STOCK. WHEN THE FINANCIAL TSUNAMI OF 2007 HIT, THEY HAD NO RESOURCES WITH WHICH TO FIGHT BACK."

WITH CIRCUIT CITY, THOUGH, YOU WERE VERY MUCH AN INSIDER. YOU CHARACTERIZE RICK SHARP AS BASICALLY DISMISSING INPUT FROM THE BOARD. WAS YOUR ONLY OPTION, THEN, TO EXERCISE YOUR "ONE CLEAR FUNCTION" AND FIRE HIM?

Or quit the board. I believe that's right.

HOW MUCH DO YOU BLAME THE CIRCUIT CITY BOARD—INCLUDING YOURSELF—FOR NOT PREVENTING THE COMPANY'S EVENTUAL FAILURE?

For the fourteen years that I was a board member and not the CEO, I blame the board for not challenging Sharp strongly enough. Of course, the board isn't capable of developing a new strategy—only the management can do that—and some of us pushed for a revision of the strategy, but maybe we didn't push hard enough. I'd give the board a C-minus.

But the board that succeeded Sharp? I'd give them an F. That was the board that missed the signals when they were much more obvious. It was the board that spent a billion dollars on repurchasing stock. It was the board that passed up opportunities to sell the company at $17 a share when it ended up, obviously, being worth zero. It was the board that failed to consider going private, when a lot of the messiness of closing stores and firing people and reorganizing strategy are much more feasible in a private company than they are in a public company. So the board from 2000 to 2009 missed all of those signals, all of those opportunities. And they handled the transitions poorly: I don't think they spent enough time thinking about who should replace Rick Sharp or Alan McCollough. They did a terrible job.

What killed Circuit City, as much as anything, was that decision to buy back a billion dollars' worth of stock. When the financial tsunami of 2007 hit, they had no resources with which to fight back. If they'd had a billion dollars in the bank in 2007, they would have gotten through that period, and there'd still be a Circuit City today. And maybe the next management team would have figured out a strategy to make the company more relevant. The reason it died is because they stripped themselves, financially, of any self-defense against any unexpected adverse set of events.

YOU SPOKE WITH MANY FORMER CIRCUIT CITY EXECUTIVES AND DIRECTORS, MANY OF WHOM AGREED TO GO ON THE RECORD AND ALLOW THEIR NAMES TO APPEAR IN THE BOOK. DID THEY GENERALLY AGREE WITH YOUR ASSESSMENTS?

Generally, yes. Universally, absolutely not. And to be fair, I probably interviewed a higher percentage of longtime Circuit City people than more newly hired people whom I didn't know as well and, if I had gotten their names and called, wouldn't have spoken as candidly. I'm sure there are people who would defend the last two CEOs in ways that the majority of people I spoke to wouldn't. But I tried to factor that in and tried to be objective and to listen for opinions less than for information, and to evaluate and analyze everything myself.

YOU'RE PRETTY HARSH WHEN ASSESSING THE COMPANY'S EXECUTION OF ITS 2001 STRATEGIC PLAN: "NOTHING OF SUBSTANCE WAS ACHIEVED." AND YOU NOTE: "TO THE BEST OF MY KNOWLEDGE, CIRCUIT CITY NEVER SERIOUSLY FACED THE BRUTAL REALITY OF ITS EXISTENTIAL PLIGHT." DO YOU THINK TOP MANAGEMENT—IF NOT THE BOARD—RECOGNIZED THE LONG-TERM TROUBLE THE COMPANY WAS IN?

The management that succeeded Sharp in 2000 wrote a thoughtful, intelligent, and somewhat alarmist three-year plan, laying out a number of things that needed to be done. It was a good road map. But none of it was accomplished. They understood that Best Buy was the enemy and that customers preferred Best Buy's marketing strategy to Circuit City's marketing strategy, and yet they failed to implement the changes that might have given the company a better chance of success. Later on, I think, management began deceiving the board with unrealistic projections for sales and earnings.

AS LATE AS 2006, FROM THE OUTSIDE, THINGS STILL LOOKED OK: THE COMPANY POSTED EARNINGS OF $151 MILLION, AND INVESTORS PUSHED THE STOCK PRICE UP OVER $31 A SHARE, THE HIGHEST IN SIX YEARS. WAS WALL STREET JUST WRONG ABOUT CIRCUIT CITY?

The company had a year of very good sales and earnings, but it was a bubble—the flatscreen-TV bubble. That was the year that flatscreen TVs dropped from $2,000 to under $1,000, and there was a huge run of demand. And I give Phil Schoonover—the last Circuit City CEO with any significant tenure—credit for seeing that coming and positioning the company; he made a lot of hay being able to meet the

"REMEMBER THAT COMPLACENCY IS THE ENEMY."

flatscreen demand. And that was reflected in increased sales, earnings, and enthusiasm on Wall Street. What Wall Street missed was that it was a bubble and not a perpetual change in Circuit City strategy or fortunes.

HOW COULD ANALYSTS MISS THAT? ISN'T THAT THEIR JOB—TO IDENTIFY BUBBLES AND TAKE THEM INTO ACCOUNT?

Well, I don't know that *no* one saw it. But the market as a whole missed it.

AND AS YOU WRITE, THE COMPANY AIMED TO TELL WALL STREET WHAT IT WANTED TO HEAR.

After I departed, management gradually became more interested in what investors thought than in what the customer thought. That is a critical failing—and one that many U.S. companies engage in. The policy of quarterly earnings, the Street's fetish about how every quarter has to be better than every previous quarter, continuous improvement without interruption or variation, is nonsense. It's not possible in the real world. When you couch your strategies to meet the demands of Wall Street for continuously improving earnings, you start doing things that don't make long-term business sense. Sometimes companies need to step back, make investments, make changes, and realign themselves in certain ways that hurt the bottom line in the short run but that position the company to be a lot more effective in the long run.

THROUGHOUT THE BOOK, YOU DISCUSS THE IMPORTANCE OF LONG-RANGE PLANNING. BUT THE BUSINESS ENVIRONMENT CHANGES SO RAPIDLY NOW THAT LONG-RANGE PLANNING SEEMS INCREASINGLY DIFFICULT. HOW FAR AHEAD SHOULD BUSINESSES BE LOOKING?

"Long range" varies with the industry. The retail industry is relatively quick on its feet, certainly with buying inventory: If you make a big blunder and buy a lot of the wrong dress or the wrong TV, you can flush it out of the system in three, six, twelve months, and that mistake is behind you. If you go into the wrong city or buy the wrong building, it takes two, three, four, five years to recognize you made a mistake, and the building can be sold or repurposed. So long-range planning in retail, as far as I'm concerned, is three years, and at Circuit City we did a new three-year plan every other year. If you do it every year, it becomes mechanical and thoughtless.

On the other hand, if you're in the steel industry or if you have to build an automobile factory, it's a multibillion-dollar investment that's for a single purpose, so it's got to have a twenty-year life. If you start a new copper mine, it costs hundreds of millions of dollars. You can't do that without a longer horizon than three years. So long-range planning for those industries might be every five years rather than every other year, but it's just as necessary.

BEST BUY IS VERY MUCH YOUR STORY'S ANTAGONIST. IF NOT FOR BEST BUY MAKING THE MOVES IT DID, WOULD THIS HAVE BEEN A DIFFERENT STORY? HOW MUCH OF CIRCUIT CITY'S DECLINE IS ATTRIBUTABLE TO BEST BUY AND HOW MUCH TO SELF-INFLICTED WOUNDS?

It's hard to sort that out. If Best Buy hadn't existed, I believe that Circuit City would have succeeded longer, but it wouldn't ultimately have succeeded. The Costcos and the Sam's Clubs and the other big-box retailers and mass merchants were taking a big piece out of Circuit City's hide at the same time that Best Buy was. Best Buy made Circuit City's problems more obvious, because it was a one-to-one comparison. And if Circuit City was failing and Best Buy was succeeding, it was easy for Wall Street analysts to conclude that there must be something wrong with Circuit City. They're now finding out that there's something wrong with the entire warehouse-showroom model, and Best Buy is losing ground to Amazon and online retailers.

WHEN YOU LOOK AT TODAY'S BUSINESS LANDSCAPE, DO YOU SEE COMPANIES MAKING SOME OF THE SAME KINDS OF MISTAKES THAT CIRCUIT CITY'S EXECUTIVES MADE IN THE '90S AND '00S? WHAT ADVICE WOULD YOU GIVE TO TODAY'S CEOs?

First: Mind your business and let the price of the stock take care of itself. If you run a good business and show increasing earnings—not quarter over quarter but over two or three years of a business cycle—that's what you're paid to do. And if investors get weary along the way, that's their mistake.

The second piece of advice is to recognize that the market is always changing and that today's success is not going to continue indefinitely. Think about the hubris exhibited in Detroit in the late '80s and '90s, where they thought smaller Japanese cars were a passing phenomenon. They were sure that Americans wanted big cars and that the Japanese companies would fade away, and the evidence kept piling up, year after year after year, that Honda and Toyota had a better understanding of the American consumer than General Motors, Ford, or Chrysler. That's the kind of hubris—the failure to question your own assumptions even in the face of strong evidence—that American business needs to guard against.

Remember that complacency is the enemy. Every leader needs to continually question his own judgments, his own assumptions, his own strategies, to test them against reality and ask, "Is that strategy working? Are my assumptions correct?" When you think you know the answers, you stop challenging your own strategy, and that's when you get into trouble. ■

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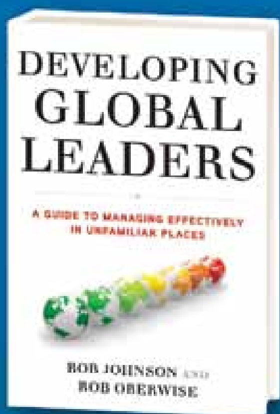

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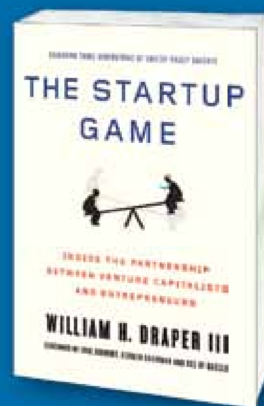

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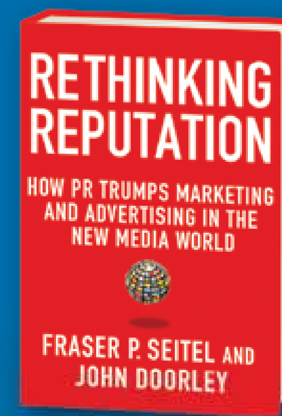

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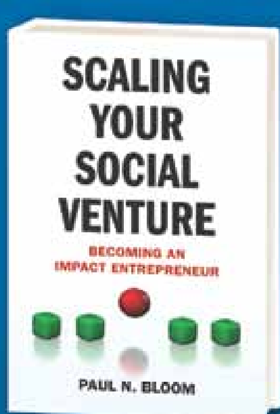

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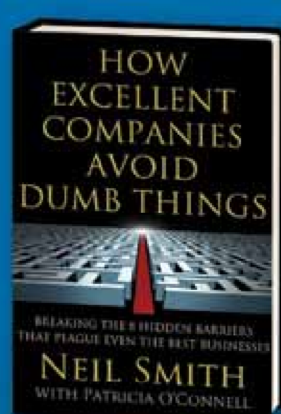

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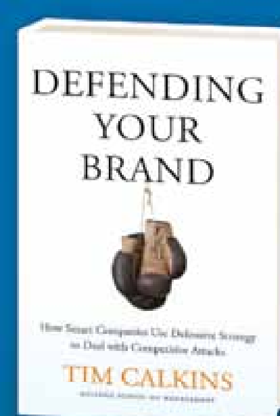

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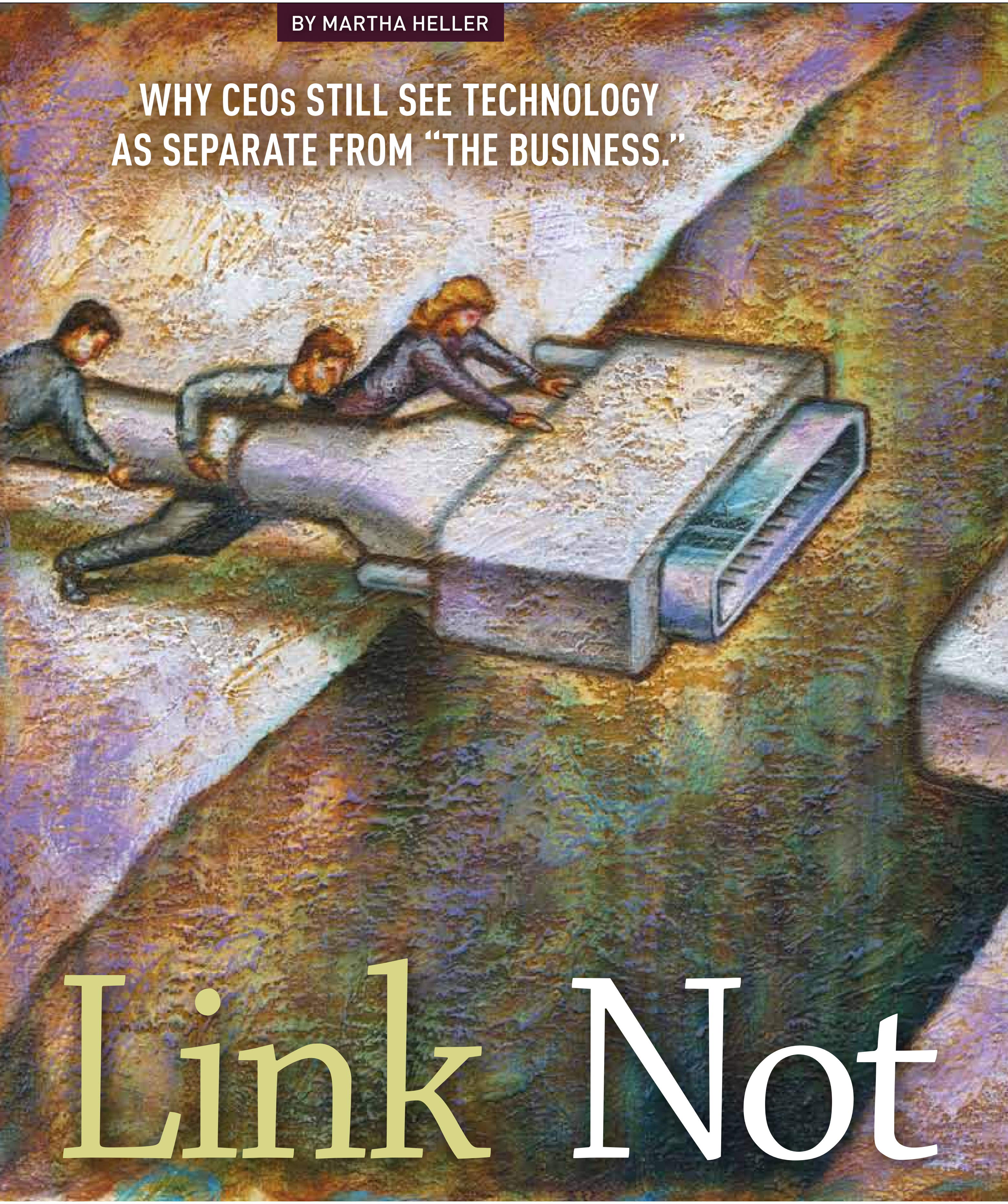
BY MARTHA HELLER

WHY CEOs STILL SEE TECHNOLOGY AS SEPARATE FROM "THE BUSINESS."



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MARTHA HELLER is president of Boston-based Heller Search Associates and former managing director of *CIO* magazine's CIO Executive Council. Adapted from *The CIO Paradox: Battling the Contradictions of IT Leadership* (Bibliomotion). ©2012

Found

I HAVE SPENT AN INORDINATE AMOUNT OF TIME THINKING ABOUT THE WORD "AND." YOU WOULD EXPECT THE WORD TO FUNCTION AS A CONNECTOR, TO IMPLY THE TOGETHERNESS OF TWO ENTITIES, LIKE "MOM AND POP" OR "SPAGHETTI AND MEATBALLS."

Yet the phrase "IT and the business" does not work that way at all. Rather, the "and" in "IT and the business" connotes separateness and difference, an us-and-them perception that has plagued IT organizations since the beginning of their existence.

We don't say, "finance and the business" or "sales and the business" or even "HR and the business." Why is it that IT alone is treated like an outsider?

If we get out our history books and look at what traditionally causes one group to push another to the margins, we typically find a healthy dose of fear and ignorance. Clearly, there is something about IT that causes uncertainty and confusion among members of the executive committee. CEOs, who have typically done stints in finance, sales, and operations, have never run IT, and they do not understand the function, its tools, its staff, or, most importantly, where all that green money goes. This lack of understanding makes CEOs fairly uncomfortable with IT and predisposes them to separate themselves from it.

Hence the paradox for chief information officers: You are intimately involved in every fact of the business, yet you are often considered separate and removed from it.

"We may have a seat at the table, but we have not gotten as close to the table as heads of HR and finance," says Colleen Wolf, CIO of Ventura Foods. "Salespeople understand finance, and finance people understand HR, but no one fully understands what IT actually does. So we are on an island."

Will the scenario change when our current generation of business executives retires and makes way for a new generation of more technically savvy leaders? Not necessarily. "In many ways, consumerization is making the situation worse," Wolf says. "Everyone understands what it takes to download an app, so they think IT is easy. When in reality, IT is just getting more complicated."

But the culpability does not rest with solely "business" leaders. There are still a decent number of CIOs—and I meet them every day—who exacerbate the us-and-them divide. As an executive recruiter, I am often hired by companies to find a replacement for the sitting CIO because he is not working out. Usually, there is some pressing reason, like a global single-instance ERP program run amok, but that is merely the proverbial straw that broke the CEO's back. When I interview this frustrated CEO, she will describe a scene where all of the executives are sitting at one end of the table discussing corporate goals with a shared understanding of how their business works. And far at the other end of the table sits the CIO, with a propeller on his head, spewing SOA and cloud and banging away on his iPhone.

I cannot tell you how many times I have been asked to replace a CIO who cannot build relationships with his executive peers and cannot inspire trust in the IT organization. It happens all the time.

Why? Why are companies still dealing with this issue? How many articles has CIO magazine published about speaking the language of the business, building relationships with business leaders, being a business leader first and a technologist second? While a huge group of CIOs get it and are bona fide business leaders, another huge group does not.

Doug Myers, CIO of Pepco Holdings, a regional energy holding company that provides utility services to nearly two million customers, has his own theory about this chasm between the business and IT. "Think about it. IT people have a different language, we have specialized training, our job descriptions don't resemble business job descriptions, and neither do our titles," he says. "And because our skills are transferable from one industry to another, we can fall into the trap of thinking of ourselves as IT professionals, as opposed to industry professionals. In many ways, the gap between the business and IT is natural, and to reduce it, we need to battle the natural order of things."

Battling the natural order of things is akin to rolling a boulder uphill. But battling the natural order of things—including trepidation about the unknown, an innate distrust of technology, and a desire to keep things as they are—is probably the most constant part of the CIO's job.

WHAT THEY WANT—AND NEED—TO KNOW

For every CIO who bows to the natural order of things by walking and talking technology and separating herself from the business, there are many who do not. These CIOs tell me that the concept of "IT and the business" drives them up the wall, and that through a number of changes, both semantic and operational, they have removed the separation between IT and the business and now live together as one. In other words, when it comes to the divide between IT and the business, they have broken the paradox.

When Leslie Jones joined General Instrument as CIO, she walked into an organization where the CEO viewed IT as one of the company's biggest problems. Senior management spent a great deal of time lamenting the IT organization's performance, management, and direction. As the new CIO, it was Jones' job to fix the problem.

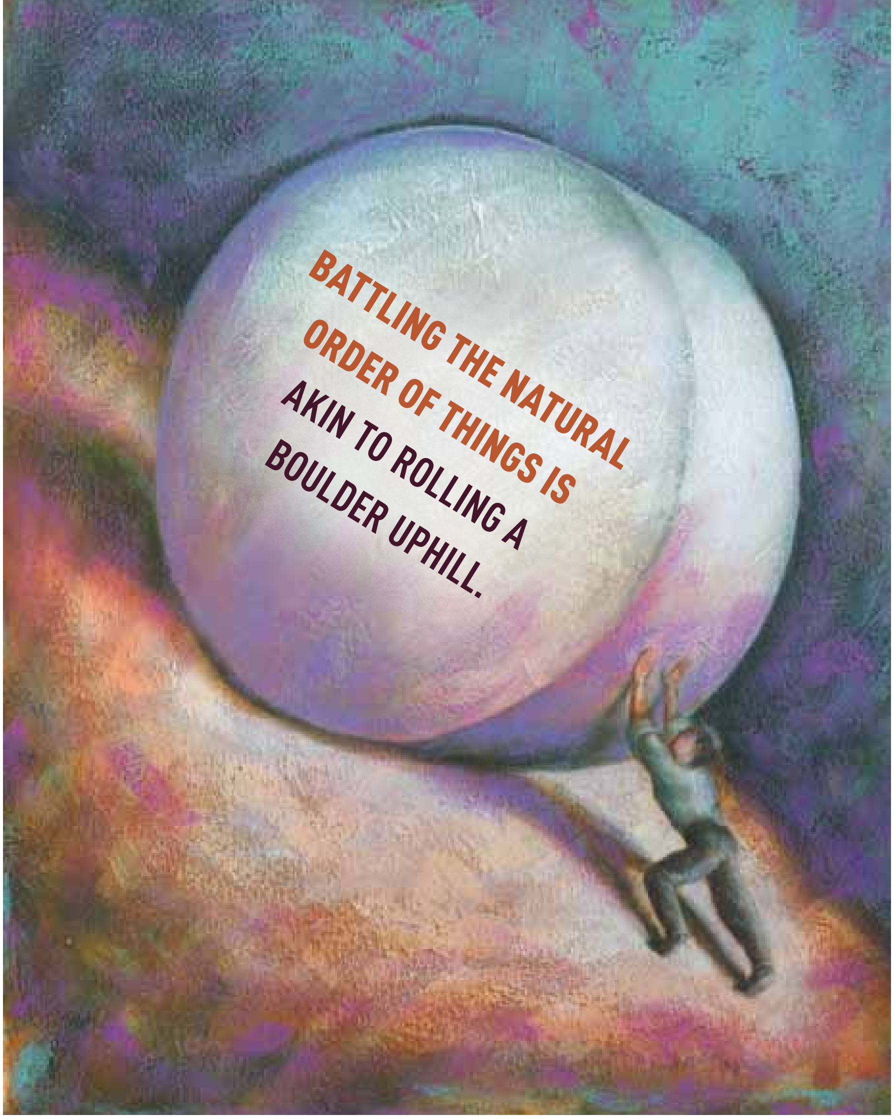
The first step: scaling back upward communications. Jones' predecessor, as did every functional leader in the company, had produced a weekly report for the executive committee. The IT reports were eight-page chronicles of the company's latest technical updates, stuffed with technical details. "Nobody cared," Jones says. "So I cancelled those reports and put out a one-pager that clearly stated what got done that week. It was very simple—and very short."

Immediately after sending out the first one-pager, Jones received a note from the CEO saying that hers was the best IT weekly report he had ever seen. "All I did was extract the most important information from the pages and pages of techno-talk," Jones says. "I only told the business what they needed to hear."

This seems pretty straightforward: Tell the business what they need to know. And yet I continue to hear from CEOs that their information chiefs cannot deliver a presentation without obscure acronyms. Why do so many CIOs give in to the compulsion to use rich technical detail in their communication, even when they know they're alienating much of the intended audience?

As a recruiter, I have interviewed a tremendous number of CIOs, and I can assess communication skills in the first ten minutes. I ask candidates to tell me about a recent accomplishment, and they typically answer in one of two ways: Either they talk about organizational transformation or business goals or new revenue, or they take me, step by step, through the details of their technology portfolio. Happily, there are more candidates in the first group than in the second, but the second is still sizeable.

Part of the problem may stem from the fact that IT is deceptively difficult to manage and, therefore, underappreciated. Successes are invisible; mistakes are not. As Bechtel Group CIO Geir Ramleth puts it, "Being a CIO is like



being a goalie. No one knows your name until you let one in." Many CIOs believe: "You only think about me and my team when something goes wrong, but we are working really hard all the time, and I need you to understand that." Hence the pages and pages of technical detail that fill CIOs' reports.

Jones has gotten over the need to "show her work." "I'm not interested in discussing how it hard it was. I'm not interested in discussing where we are on things. I'm not interested in discussing how we did it, because from a business's point of view, that is uninteresting," she says. "The only thing worth discussing is the result you produce for the business."

THE LANGUAGE OF THE BUSINESS

Bringing IT together with the business begins with language—in particular, the language that perpetuates the divide.

Like Jones, Pepco Holdings' Myers served in a variety of non-IT leadership roles before moving into IT. Business language is their native tongue, and they can turn all of their attention to teaching their teams to be bilingual. "For me, learning the language of the business was not much of a personal challenge, because I do not have a technical background," he says. "And because of that, I had never acquired any specialized technical training or been immersed in the language of technology."

For Myers and Jones, who grew up in the business, adopting the language of the business is natural. "But a CIO with a technical background needs to unlearn or, at a minimum, rely less upon what got him there in the first place," Myers says. "That's the personal, most internal aspect of fighting the natural order of things."

For Myers, getting the IT organization to speak in the language of the business is not just about avoiding technology jargon. "That's just an obvious first step," he says. "We also look at terms like 'governance' and translate those into language that communicates their value to the business." Myers once heard a business colleague use "assurance" to describe governance. "As soon as I heard that, I loved it, and that is the term we typically use now," he said. "Governance gets a reputation for being about standards and bureaucracy when really, it should be about doing things in a repeatable way that helps make sure that everything performs well and is cost-effective, reliable, and secure."

Another, more technical example is architecture. The members of my firm, gluttons for punishment that we are, have recruited an inordinate number of architects for our clients. The candidates we place into these roles run the gamut from the most deeply rooted technologist, who is kept hidden from the business at all costs, to the most strategic business thinker, who meets regularly with the senior leadership team. We can attest to Myers' contention that, "If there are five billion people on the planet, there are probably five billion definitions of architecture."

So, rather than talk to his business partners about architecture, Myers discusses flexibility and adaptability. "It's not like I sit in a room and ponder what the right word is," he says. "When I'm having a conversation with a business person, I see their eyes light up when I hit on a certain word, like 'flexibility.' I realize that this term is resonating more than 'architecture.' So my team and I begin to use the new word instead."

GIVING IT THE BUSINESS

If you and your CIO do not have in place an effective way of teaching business skills to your technology team, such as rotating them through the business, start a program now. Take it from a recruiter: It is hard to find ready-made talent with great technology and business skills. These candidates are out there, but it will cost you time and money to recruit them. The more bilingual talent you can cultivate yourself, the more successful you will be as an IT organization. And should you export these valuable people back out to the business, you will create a culture that is knowledgeable about IT and you will be one step closer to breaking the paradox. Some ideas:

Use the buddy system. Like most CIOs, Ventura Foods CIO Colleen Wolf has leaders of applications, infrastructure, PMO, and enterprise architecture in her organization. The roles are not business-specific; they each serve all of the company's business functions. Even so, Wolf assigns each IT leader in her organization to a partner on the business side, regardless of what projects or programs they are working on. "My head of infrastructure partners with the head of business operations. My head of enterprise architecture partners with HR. My PMO partners with finance," she says.

> **"BUT BY ALIGNING MY IT LEADERSHIP TEAM WITH BUSINESS EXECUTIVES, WE ARE ESTABLISHING TRANSPARENCY IN BOTH DIRECTIONS. WE ARE CREATING A DIALOGUE. WE ARE GETTING OFF THE ISLAND."**

Wolf tells the business leaders that she would like her leaders in IT to be involved with their departments on a regular basis, to come to the staff meetings and learn that particular function. "IT is often isolated because nobody knows who we are and what we are here for," she says. "But by aligning my IT leadership team with business executives, we are establishing transparency in both directions. We are creating a dialogue. We are getting off the island."

Educate your people. One widely practiced approach is to find smart people in the business who have a healthy aptitude for and appreciation of IT, and entice them into the IT organization. Another is to take your smart IT people and educate them about the business. "We worked with a local college to develop a multiyear program that trained our customer-facing teams and our managers in how to listen to the business, talk to the business, and really understand what they were saying," says Motorola Solutions CIO Leslie Jones. "We put a real focus on how our IT leaders can change their communication style to be appropriate to the person they were talking with."

Enlist your business leaders. CIO Karla Viglasky asks ITT's presidents to come to her team meetings and give presentations on what is happening in their businesses. "My top fifty people will be meeting in Miami next week, and the leaders of all of the functions we interact with will be there," she says. We tend to think a lot about how to organize IT so that it is embedded in the business, but it works in the other direction as well. "I am trying to bring 'the business' to IT," she says. "Our business leaders become more knowledgeable about our strategy in IT, and my people get smarter about the business."

Initiate a companywide program. When Bill Krivoshik joined Time Warner, he enrolled in a company-sponsored program designed to teach the business to senior executives. "It is a wonderful set of programs," he says, "where you pretend that it is your job to manage all of the Time Warner businesses for three years: 'When should I release this movie? What should I do about the ratings? How will the networks react to this decision?'" The program includes a great deal of interaction among the leaders from across the company.

Teach negotiating skills. CIOs train their teams on project management and quality assurance, but they do not always spend time on negotiation skills. Given how much of your money goes to vendors, and how important business relationships are to the IT organization, it is critical that your people know how to negotiate. At Pepco Holdings, all support services, including IT, go through a training model that draws much of its material from *Getting to Yes: Negotiating Agreement Without Giving In* by Roger Fisher, William Ury, and Bruce Patton. Based on the work of the Harvard Negotiation Project, *Getting to Yes* is a step-by-step methodology for finding mutually acceptable agreements in a variety of contexts. And for IT organizations, which often have the stigma of saying only "no," the ability to say "yes" comes in handy.

—M.H.

Language is powerful, and if you are not fully satisfied with the relationship your IT organization has with the rest of the business, you need to do something about it, including examining the language that you use. And if every time you say the word "infrastructure" or "cloud" or "agile" or "architecture" you hear a collective groan around the steering-committee table, you should find a different word. There are hundreds of thousands of words in the English language. Surely you can find one that works.

CONNECTION POINTS

Changing the language will not be enough. One clear place to focus is your team, particularly those people who sit at the connection points between your organization and your peers. When Jones became CIO of Motorola Solutions, she found that the IT organization was cut along traditional lines, with functional groups running application development, infrastructure, and Web design, and each group reaching out to the business as needed. This led to confusion on the part of her business partners, who started to wonder who, exactly, was in charge. "It was confusing and disorienting," she says. "So I decided that there will be one person and one person only who interfaces to a line of business. And that person will be seen as a member of the business's leadership team."

Jones made it clear to business leaders that this one person is the only IT person they will ever need to see, whether the issue is about performance, a desktop, or a business system. Jones herself stays out of the relationship. "I make it a point of not allowing myself to intrude into those relationships," she says. "It is so critical that this person is seen by his business peers as the single point of power: knowledgeable, strategic, and committed to impeccable delivery."

Reporting structure can be important. The structure that has worked best for D. Kevin Horner, who retired as CIO of Alcoa to become president and CEO of IT staffing firm Mastech, is to have the IT leaders who are serving specific businesses report directly into those businesses, with a dotted line to the CIO. "This is from spending thirty years in a company where the business unit was king," he says. "If the person serving the business is not being measured by the business and is not on the same compensation plans as the business, the relationship will not work. If those people report directly to the CIO, they will never develop the detailed understanding of the business. It will never become innate."

But whatever you do, avoid making the role a toothless one. The key is to give accountability for project delivery to the relational managers, rather than appoint them as "liaisons" and "translators" who must rely on the kindness of centralized delivery organizations to get anything done.

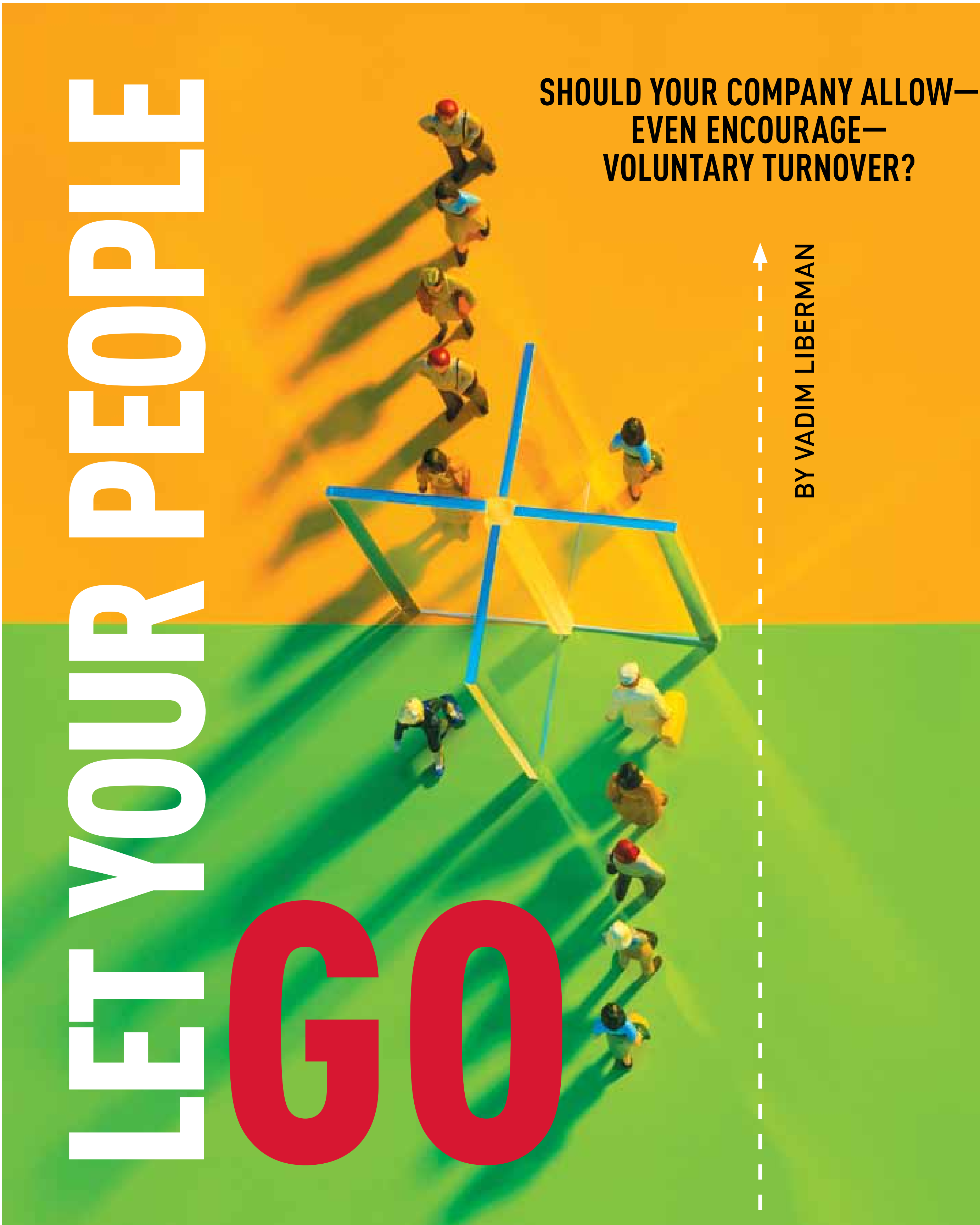
But whatever reporting structure you choose, the trick is to find that bilingual person who can keep one foot in the business and one foot in IT. What is at play with these roles is a particularly challenging CIO paradox: The very traits and skills that make some people great technologists often make them not so great with business relationships. When it comes to people with deep technology skills, there is some heavy-duty DNA at work that is going to dictate their interpersonal skills. Still, there are actions you can take to mitigate the challenge.

In 1999, I wrote a column for *CIO* titled, "Why Does Everyone Hate the IS Department?" Some choice quotes from the sources I interviewed include, "We get constant calls about problems that we know for a fact we've explained to users time and time again. Everyone wants to use their computers, but nobody is willing to learn how." And, "Many IS organizations preserve this 'We're gods' attitude. IS workers are often resistant to working in teams, and they often don't give users proper training on the systems they impose on them. They just say, 'Here, use it.'"

I realize that the sentiments expressed in that article are a thing of the past in many IT organizations. But in others, they are alive and well. What differentiates the first group from the second? Why is it that some CIOs have broken the "IT and the business" paradox and have completely done away with the us-and-them mentality? In these organizations, phrases such as "IT and the business" make as little sense as "the daughter and the family." Do the IT professionals in those organizations have different DNA? Were they raised better? Are the company's employees more understanding and patient when it comes to IT?

I don't think so. The CIOs who have brought their teams in line with the rest of the organization spend time and energy on communication and language and training and relationships; those activities are as important to them as running their infrastructure. They have a vision for the way they want IT to be perceived and the ability to battle the natural order of things and embed IT in the business.

Lord knows it isn't easy, when IT demand is greater than supply and security threats are growing and computer-science grads are decreasing and consumerization is completely changing the ground underneath your feet. But if changing the language of weekly memos or assigning a new book to your leadership team can get you one step further on the journey toward bringing IT closer to the business, then do it. You may be able to get past this troublesome paradox once and for all. ■



LET YOUR PEOPLE GO

SHOULD YOUR COMPANY ALLOW—EVEN ENCOURAGE—VOLUNTARY TURNOVER?

BY VADIM LIBERMAN

HOW CAN WE HOLD ONTO OUR PEOPLE? EVERYONE IS CONCERNED ABOUT RETENTION FOR A REASON: COMPANIES ARE VERY MUCH AWARE THAT EMPLOYEES FEEL DISENGAGED, OVERWORKED, AND UNDERCOMPENSATED. AS SOON AS THE ECONOMY PICKS UP—ANY DAY NOW!—YOUR BEST PEOPLE WILL SURELY BE WORKING THEIR LATEST LINKEDIN CONNECTIONS AND FILLING HEADHUNTERS' INBOXES WITH RÉSUMÉS. WITH EACH UPWARD SPIKE OF THE DOW, WE'RE WARNED, MORE AND MORE WORKERS WILL VANISH FROM THEIR DESKS LIKE A SCENE FROM *LEFT BEHIND*. YOU'D THINK THAT YOU'RE FACING A CATACLYSM PREVENTABLE ONLY WITH PRAYER, OR MAYBE RESTORATION OF THAT GOLD-PLATED HEALTHCARE PLAN YOU DROPPED BACK IN 2008.

Sure enough, turnover can sicken an organization, leaving gaps that can't be filled and further burdening everyone who sticks around. But just as treating a disease can inflict greater harm than the illness itself, so too regarding retention strategies. Your efforts may tether people to your firm, but low turnover may cloak various corporate cancers. Worse, it may exacerbate them.

Attempts to padlock exit doors have warped turnover into retention's devilish twin. According to consultant Dawn McCooey, "There's so much focus and countless books on retention"—including, she admits, her own, *Keeping Good Employees on Board*—"that managers overlook the value of getting people off board."

In other words: *Are your people—most of them, anyway—worth fighting to keep?* Should you be making it *easier* for employees to leave, even if they might head across the street to your chief competitor?

In developing a more nuanced perspective that positively values voluntary turnover, you probably need not trash your retention initiatives entirely—not *everything* you've been told is wrong—but "there are a lot of myths out there," says consultant Beverly Kaye, author of *Help Them Grow or Watch Them Go*. "One of them is that all retention improves business results."

It's time to draft a new script.

EXIT SIGNS

First of all: How often do people voluntarily quit jobs? And are Gen-Xers and millennials as restless and disloyal as you've heard?

Back in December 2007, about 2.7 million private-sector workers quit their jobs, according to the U.S. Bureau of Labor Statistics (BLS). In September 2009, with jobholders feeling insecure, the number plummeted to 1.5 million; in June 2012, it was up to 2 million—rising but nowhere near the Great Exodus about which everyone warned. During their first year on the job, almost a quarter of new hires currently decamp, and 13 percent of organizations lose at least half of their new workers, according to an Allied Van Lines study of five hundred HR professionals.

That sounds like a lot of movement, at a time when we're constantly reminded that the traditional employment contract is in tatters. But today's workers are sticking with their current companies longer than ever. In 1996, during the height of the talent wars, people spent about 3.8 years with their existing employer, according to BLS. Over the next fourteen years, tenure rose to 4.4 years. More dramatically, in 2010, tenure for white-collar professionals rose to approximately 5.2 years, up 13 percent over a decade.

Furthermore, you may have heard that today's younger workers are less tied down than their older counterparts, even more so than in previous generations. Actually, since the mid-1990s, tenure has *increased* among employees under 34 and *decreased* for the majority of those older.

So what should all this mean to you? Maybe nothing. For starters, the above stats depict differences of months, not years. Secondly, such snapshots are interesting, but like many business metrics, they are *only* interesting. Sure, you now know some numbers, but do they explain if voluntary turnover is good, bad, or irrelevant to an organization? Never mind that *an* organization is not *your* organization.

Regardless, counting on a continuing weak economy to retain workers isn't much of a strategy. "Companies can be asleep at the switch," McCooey says. "It's easy to assume that just because people need jobs, they will stay."

Certainly, some remain because they dread that the grass is always yellower elsewhere, but "if you think that your people should be happy just because they have a job, you're going to find yourself in deep trouble," Kaye says. "Good players know they always have options. I recall at one company when an employee left, his boss said, 'No big deal. There's plenty of talent out there.' Those words got out in the organization, and six more people left within three weeks."

Was the supervisor wrong in his opinion—or in voicing it? Much depends on who packed up. (Maybe six *better* people arrived shortly after.) For now, the overarching point is this: A sputtering economy might make for a potent retention tool, but potent isn't necessarily good.

"The state of the economy shouldn't affect retention strategies," says Teresa Tanner, chief HR officer at Cincinnati-based Fifth Third Bank. "I worry if leaders get lazy during tough times, or if they see false positives. They see that turnover is down, so they immediately assume it's for reasons other than what they really are"—reasons such as loyalty, satisfaction, engagement, apathy, and anxiety. Low turnover might indicate workers eager not to arrive each morning but to leave each evening. This past June, nearly one in three employees surveyed by Mercer said they were keeping an eye on the exit sign. Granted, thoughts don't always lead to actions, but you have to wonder: Are daydreams of departure good for workplace innovation and collaboration? "People may be staying, but they're not adding value to the company," says Jeanne Meister, a partner at Future Workplace, a New York-based consultancy.

For workers fantasizing about walking out the door, might opening it for them make you better off?

THE TURNOVER CALCULATOR

It's disheartening to tally the costs when key people leave unexpectedly: client loss, temps, paperwork, help-wanted advertising, recruiters, background checks, screening, interviewing, training, et cetera. And there's a lot of et cetera, including indirect losses pertaining to knowledge, skills, productivity, engagement, and morale. For instance, HR leaders surveyed by Allied estimate that it takes about eight months for a new hire to reach full productivity. Beverly Kaye insists that a new salesperson in her organization must work eighteen months to two years to provide an ROI. By the time you push the calculator's equal sign, replacing someone can cost 150 to 250 percent of the person's annual compensation.

However, with so many intangibles attached to diaphanous dollars, we should take care not to make cents into nonsense when counting turnover expenditures. "Some costs are hard; some are soft. At times they are overstated, at times understated," Teresa Tanner explains. "It's always going to be debatable."

Debatable costs notwithstanding, turnover rates can serve as a quick measure of corporate well-being—a big mistake, argues Dick Finnegan, CEO of workplace consultancy C-Suite Analytics. Retention figures have no meaning unless someone gives them meaning, he says, adding, "CEOs can't readily translate turnover percents into dollars. If an HR director says turnover is 19 percent, the CEO will ask how it compares to that of peers. If it's lower, the CEO thinks the company is doing well. But if the HR person says that turnover is costing the company $10.8 million a year, the CEO won't care about the percent and how it compares to peers'."

Is the number really $10.8 million? Maybe it's higher, or lower, or zero. Yes, there are tangible costs to losing people. But you can hire or promote replacements at lower salaries or save on healthcare premiums by replacing experienced workers with young, entry-level hires.

Most turnover advantages aren't line items on accounting spreadsheets; then again, neither are many retention benefits. Still, there are more quantifiable savings to keeping workers than losing them, which explains why "we look at the negative effects of employee turnover but not the positive effects," Dawn McCooey says. "These are expenses without invoices. Because they aren't easily measured, they're easily ignored." Ignored, that is, when discussing turnover. We continue to calculate retention benefits despite lingering intangibles.

For instance, we highlight the importance of retaining workers to preserve knowledge and skills but fail to acknowledge turnover's role in attracting fresh ideas, expertise, and competitive intelligence. Similarly, loyal clients may follow departing executives . . . straight to the organizations that hire them. (Hypothetically, you don't have to lose someone to bring in someone, but employment budgets are not so hypothetical.) Also, low turnover can turn hiring managers stale, given lack of opportunity to do their jobs. Ironically, then, efforts to keep good workers may cripple you from hiring any.

Meanwhile, we lament that turnover drags down productivity, but "when someone isn't pulling weight, losing that person can make you more money," explains Brandi Britton, a regional vice president in the Los Angeles area for staffing and recruiting firm Robert Half International. Imagine an underperformer who quits. Chances are, you'd replace him with a better worker—and it will probably take less than eight months and 150 percent of his salary, especially if you promote a high-potential employee, an opportunity you may not have had if not for someone leaving. In fact, the individual you're now elevating may otherwise have left.

Plus, turnover calculations rarely account for costs of continuing to employ a craptastic vampire who sucks spirit and productivity from those around him. We've all worked with, if not for, one of these irritating bats. Once one flies out the window, morale and other benefits usually flood back in.

THE ENGAGEMENT PARADOX

"When turnover is high, HR sends out newsletters and creates employment-appreciation weeks to fix it, which doesn't get them anywhere because no one quits or stays for the newsletter," Dick Finnegan says. "When's the last time you heard someone say, 'My boss treats me like dirt, but I'm holding on for employee-appreciation week?'"

Several years ago, researchers Todd Pittinsky and Margaret Shih asked managers to identify steps that they'd take to *retain* a valued worker. The managers cited actions such as "increase salary" or "change his or her title," which doesn't increase productivity or keep employees for more than a couple of months, according to Pittinsky and Shih. The researchers also asked a second group of managers how they'd *elicit commitment* from a valued worker. Responses

THE PRE-EXIT INTERVIEW

By the time an HR rep asks someone during an exit interview, "Why are you leaving?", one foot's already out the door. It's the wrong question, says Dick Finnegan, author of *The Power of Stay Interviews for Engagement and Retention*. It should be, "Why did you look for a new job in the first place?"

"Exit interviews tell you what I, the leaving employee, feel comfortable telling you so that the back door stays open should I want to come back. It's a bit of bull," says Beverly Kaye, founder of Career Systems International, a workforce-development consultancy. Even if someone is sincere, it's too late to make an immediate difference. "Our research shows that the supervisor who lost the employee often says, 'I wish the person would've told me that. I could've made it happen.' Sometimes, all it would've taken is a basic conversation"—a "stay interview" between a manager (*not* an HR rep) and a subordinate about an employee's perspective about work, while he's still at work, to find out why the person stays or might leave. Although 54 percent of HR respondents in an Allied Van Lines study said they conduct exit interviews, only 13 percent gauge satisfaction while employees are still with the organization.

But if workers lie when they leave organizations, why expect honesty while still employed? Any worker that divulges to his boss that he's been trawling Monster.com is either brave or stupid. "I think honest responses in a stay interview are a human-resources fantasy," agrees Jeanne Meister, author of *The 2020 Workplace*. "No one in their right mind will say, 'I have three interviews this month.'" Instead, she recommends scrutinizing how well employees actually work.

Performance, however, doesn't necessarily indicate a person's propensity to leave. Besides, Kaye insists that when done right, stay interviews yield actionable information. "Unfortunately," she says, "managers may have the will but not always the skill to speak to their people."

The best way to get direct answers may be to raise indirect questions. Rather than inquire, "Why do you stay?", Kaye recommends asking: If you were to win the lottery and resign, what would you miss the most about your job? What can we do to support your career goals? How do you like to be recognized? What about your job makes you jump out of bed in the morning? What makes you hit the snooze button?

Obviously, no one will reply, "I could do my job better if you weren't so incompetent at yours." Indeed, Teresa Tanner, an executive vice president at Fifth Third Bank, concedes that "some of the responses will be valid; some not. The only thing you can do is continue to ask questions, because sometimes you will get valuable answers." Adds Brandi Britton of staffing firm Robert Half International: "You may find out that it's not always, 'I want to be promoted and make $10,000 more.' Sometimes it's just reducing obstacles to getting work done."

—V.L.

included "find out what challenges make him or her tick" and "provide opportunities for learning on the job."

The takeaway: Low turnover for the sake of low turnover is nonsensical at best and damaging at worst—because focusing on turnover isn't just aiming at the wrong problem. It's not targeting a problem at all. Issues with turnover are really issues with engagement.

Presumably you've given plenty of thought to engaging your employees—though perhaps not to exactly how engagement might affect who stays and who leaves.

Consider training, which everybody knows that you must offer to keep employees, right? Half-right. Training may encourage your people to leave. Turns out that what matters is not training but, rather, the opportunity to apply newly acquired skills, according to recent research from the University of Iowa. Training without related chances to grow may only frustrate employees to the point of departure (though it's unclear whether trained or untrained workers are likelier to leave).

But there's a bigger catch-22: Training, along with other engagement drivers, may foster an environment where your best people aren't leaving—and neither are your worst. After all, *everyone* appreciates free bagels in the pantry and a boss who says "thank you."

"But what's the solution?" asks Jeanne Meister. "You're not going to reduce benefits to force out underperformers. You'll lose top people that way." She's right, of course. But that engagement efforts can detain dead weight underscores that engagement isn't the corporate panacea many proclaim it to be. Furthermore, if you're doing all the right things only to see people walk out, it's worth considering whether engagement is relevant to turnover at all.

The answer hinges on which group of employees—engaged or disengaged—is likelier to vacate. On one hand, there's the argument that engaged workers are more apt to stay because, well, they're engaged. Those detached from their jobs, then, are more prone to seek fulfillment elsewhere. On the other hand, engaged staffers are psyched about their jobs *and* their careers. They continually network, speak to recruiters, and check job boards, while their slacker co-workers are checking Facebook.

Though Jamie Hale, workplace-planning practice leader at Towers Watson, points out that 16 percent of engaged and 64 percent of disengaged employees fall into what she calls a high-retention-risk group, ultimately, we don't know for sure who's likelier to leave, given a dearth of solid research (partly because engagement metrics themselves are open to much interpretation and criticism). Moreover, *it is irrelevant*—because again, what's the alternative? It's not as if the choice to engage your workers is really a choice. You're going to do it. You're going to provide people with opportunities, but there are only so many internal doors a company can open for an employee before eventually shutting one, at which point he'll find an escape hatch.

THE OTHER TURNOVER

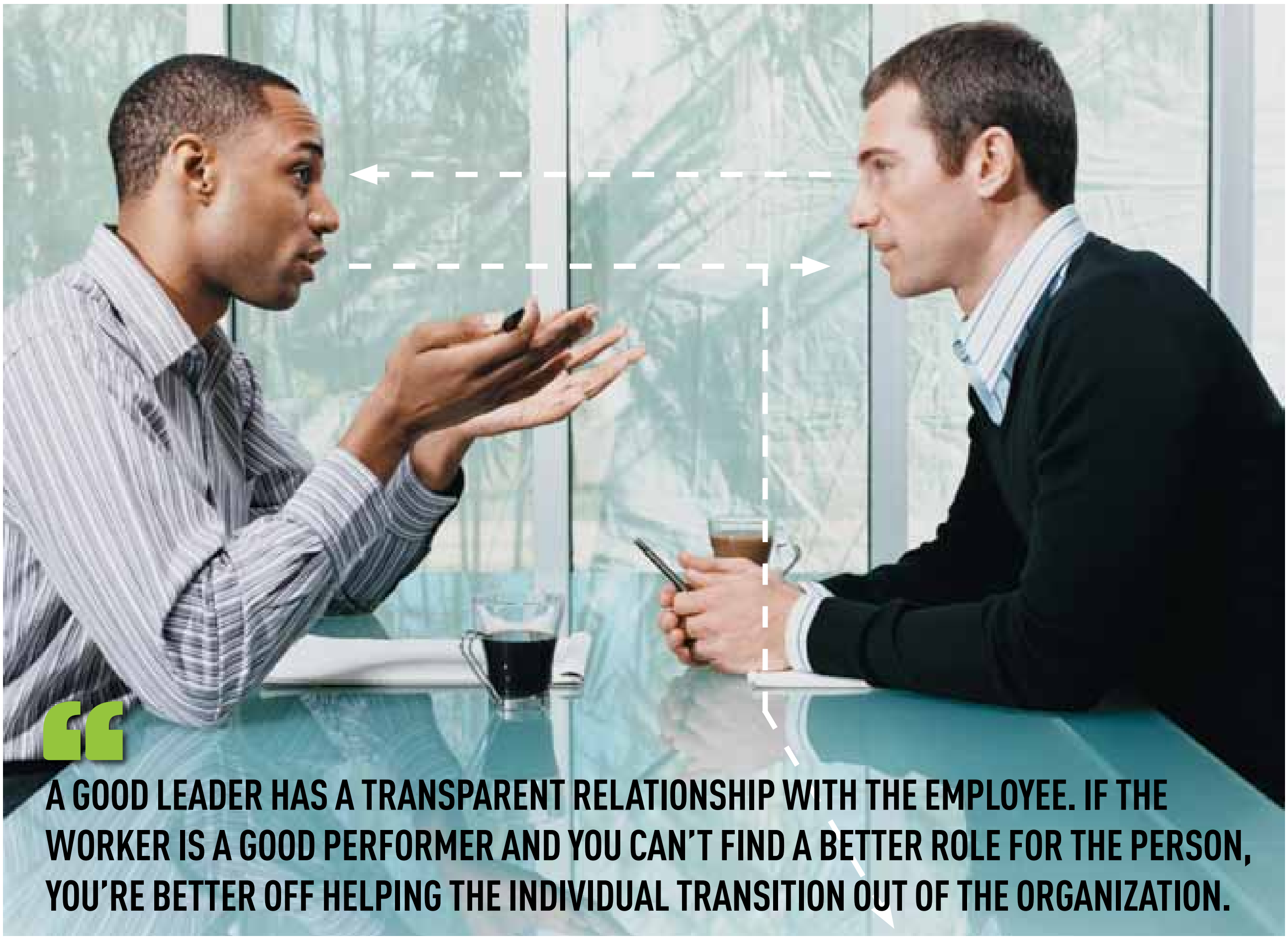
Short of losing their own jobs, managers fear nothing more than telling subordinates they're out of theirs. Some feel sorry for employees, some panic over finding and training replacements, while others fret over the impact on those remaining. More deeply, when firing someone, bosses self-interrogate over their own possible inadequacies. "Was I a horrible mentor?" "Did I fully appreciate the person's needs?" "Is the employee's failure my own?"

Others within the organization may similarly question the manager's abilities, especially if there's pressure to cap turnover. Between the doubts and demands, it's unrealistic for any organization to rely on involuntary turnover alone to weed out poor performers.

"There are probably companies that wish their turnover were higher, but they can't figure out how to make that happen," says Towers Watson's Jamie Hale. "They don't fire people because they aren't bad enough to terminate. These folks are disengaged, though not enough to where they want to go someplace else, but you kind of wish they would."

So how to tell someone to get out without telling someone to get out? One option is to rank them poorly, though you needn't take Jack Welch's advice to subsequently fire them; the bad appraisal alone may persuade sufficiently. "There can be pressure where if I know I'm not meeting expectations, then I'm going to look elsewhere," Hale says. For example, those failing to make partner at law and accounting firms often leave—without the company having to shell out for unemployment, severance, and benefits.

Still, while a rank-and-yank-yourself approach may help purge your bottom performers, it neglects your mediocre middle, the people whom you'd ideally want to replace without firings. Naturally, there are coercive ways to push them out, but "there's a downside to that," says Robert Half International's Brandi Britton. "There are negative repercussions as peers become aware of the outgoing person's negative experience. Also, once this person leaves, he may give your company a negative reputation." Seems that winning approaches to losing people don't come easily. —V.L.



> A GOOD LEADER HAS A TRANSPARENT RELATIONSHIP WITH THE EMPLOYEE. IF THE WORKER IS A GOOD PERFORMER AND YOU CAN'T FIND A BETTER ROLE FOR THE PERSON, YOU'RE BETTER OFF HELPING THE INDIVIDUAL TRANSITION OUT OF THE ORGANIZATION.

If an ambitious manager outgrows her position, with no room to advance—hierarchically or otherwise—she may lose interest in the work. When a job and a worker no longer fit together well, the best way to encourage the worker is to discourage her from staying. "Managers should be really open about this," suggests Brandi Britton. "A good leader has a transparent relationship with the employee. If the worker is a good performer and you can't find a better role for the person, you're better off helping the individual transition out of the organization. That's a value to people because most don't want to be in an environment where they aren't appreciated. Sometimes it's hard for them to see that, so it takes another person to say, 'We like you, but this may not be the right job for you.' There's nothing negative about that. It's good for both parties."

MEASURES MINUS MEANING

It all amounts to this: Turnover metrics assess . . . turnover only. Unfortunately, companies often conflate optimal, higher, lower, good, and bad. Calculating a voluntary turnover of, say, 4 percent is easy—and pointless, for it says nothing about why some of your employees become ex-employees. "The overall rate is almost not worthwhile to measure," Britton says. The only reason, she adds, would be for benchmarking.

And then what? If overall turnover measurements themselves shouldn't guide strategy—and they shouldn't—then your position relative to others is just another measurement that's . . . interesting. Still, even if a company's overall turnover is irrelevant, that doesn't mean all turnover is irrelevant to a company—it's not *that* but *which* people leave. "If someone who you want to keep walks out the door, no one will say, 'We wanted to keep that person, but it's good that he's leaving because we now can get fresh blood,'" Dick Finnegan points out. Therefore, the question, "Who's likely to leave?" matters less (if at all), than, "Whom do you want to keep?"

Some companies, like Applebee's and IndyMac Mortgage Services, already concentrate on what many call regrettable turnover, the departure of people who businesses wish had stayed. Obviously, you want to keep your—

—top talent? Well, that depends. How replaceable is the worker? Are there others in the marketplace with similar skills? Not every high performer would cause an equal loss to your organization.

"It isn't strategic to say you want turnover at X percent across the entire enterprise," says Teresa Tanner. "You need different strategies for different segments of your workforce. It's about strategic workforce planning based on customer service and economic value. You simply can't afford to have A players in every position, nor do you need to, nor can you sustain that. What you want are A players in A positions. Where cost-to-performance variability is not that high, where it's easy to bring people up to speed, you may not care if you're the best in the industry in that segment because the higher turnover doesn't impact your business as much. That doesn't mean you don't care about every employee or try to develop them. It just means that turnover goals are not a one-size-fits-all equation."

Why set turnover goals at all? Yes, you could assign departmental targets relative to others—2 percent for sales; 4 percent for accounting—but internal benchmarking faces the same drawback as its external version: Turnover rates are numerical facts, not judgments, and not even bases for management calls. Suppose sales' actual turnover were 1 percent, or 3 percent? How are we to judge that? Is that a "good" number as long as it still falls below accounting's? What if sales stays at 2 percent, but accounting drops to 1 percent? Which number is good or bad now? This very annoying exercise hints that to a degree, we're making arbitrary calls—because there are too many variables, including issues around engagement, recruitment, training, salaries, etc. And so, if setting goals around turnover seems irrational, measuring it seems even more so.

Ultimately, all turnover may be regrettable. Says Tanner: "It aggravates me when I talk to HR people who say that the only turnover they care about is of people they regret losing. If someone leaves dissatisfied, then something went terribly wrong in the assessment, interview, or selection process."

Rather than focus on turnover itself, you're better off concentrating on its potential drivers, such as engagement, recruiting, training, benefits—these are the things you should address. By doing so, you'll likely discover that it's OK if some, maybe many, people leave. To do that, don't punish managers for low retention, or reward them when it's high. It sends the wrong messages. "If a company brushes under the rug that turnover can have positive results, then managers will assume there are negative consequences every time people leave," Brandi Britton explains. "But if a company highlights retention *and* turnover by pointing out their pros and cons, then people will see more of a balance."

In other words, turnover should be a non-issue. Stop making it one. ■

THE IDIOT'S GUIDE TO TURNOVER

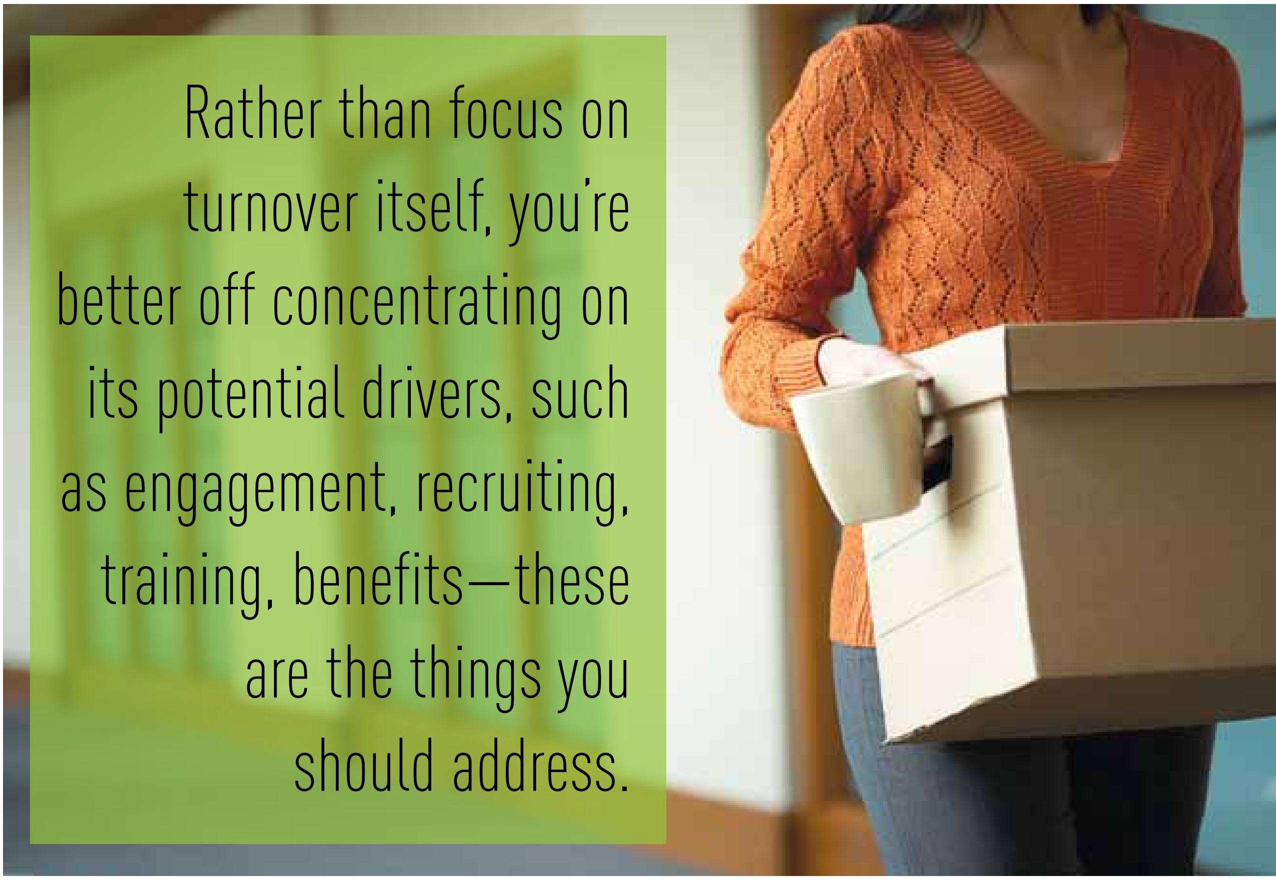
To keep employees, don't hire candidates who'll leave. Simple, except almost everyone leaves, eventually. Still, the argument—some unexceptional staffer is bound to murmur it—against hiring some people because "they're likely to leave anyway" is—

"—a sad statement," says Dawn McCooey, a Victoria, British Columbia-based retention consultant. "It's like saying, 'I'm going to marry someone who's not really my suitor because we're not going to stay together anyway.'" Plus, the illogic connotes an odd paradox: Don't recruit top talent—just retain it.

"It would be shortsighted not to hire the individual," suggests consultant Jeanne Meister. Deciding otherwise, she says, speaks more to your own insecurities. It's also like telling a candidate (not that you actually would): "You'd make a so-so addition to our team. You're hired!"

Some years back, researchers Todd Pittinsky and Margaret Shih claimed that "knowledge nomads"—highly mobile workers who spring from firm to firm—can be as committed to an employer as longer-term workers. "Length of time in an organization is certainly the most common way of measuring employee commitment, but it is hardly the most interesting or helpful for managers," they write. "Far more important . . . is the quality and quantity of the work he or she does while there."

Perhaps Fifth Third Bank's CHRO Teresa Tanner offers the best advice: "Take superior talent and get as much out of it as you can for the time you have with it. Be happy, and then move on." —V.L.



> Rather than focus on turnover itself, you're better off concentrating on its potential drivers, such as engagement, recruiting, training, benefits—these are the things you should address.

"THE OFFER"

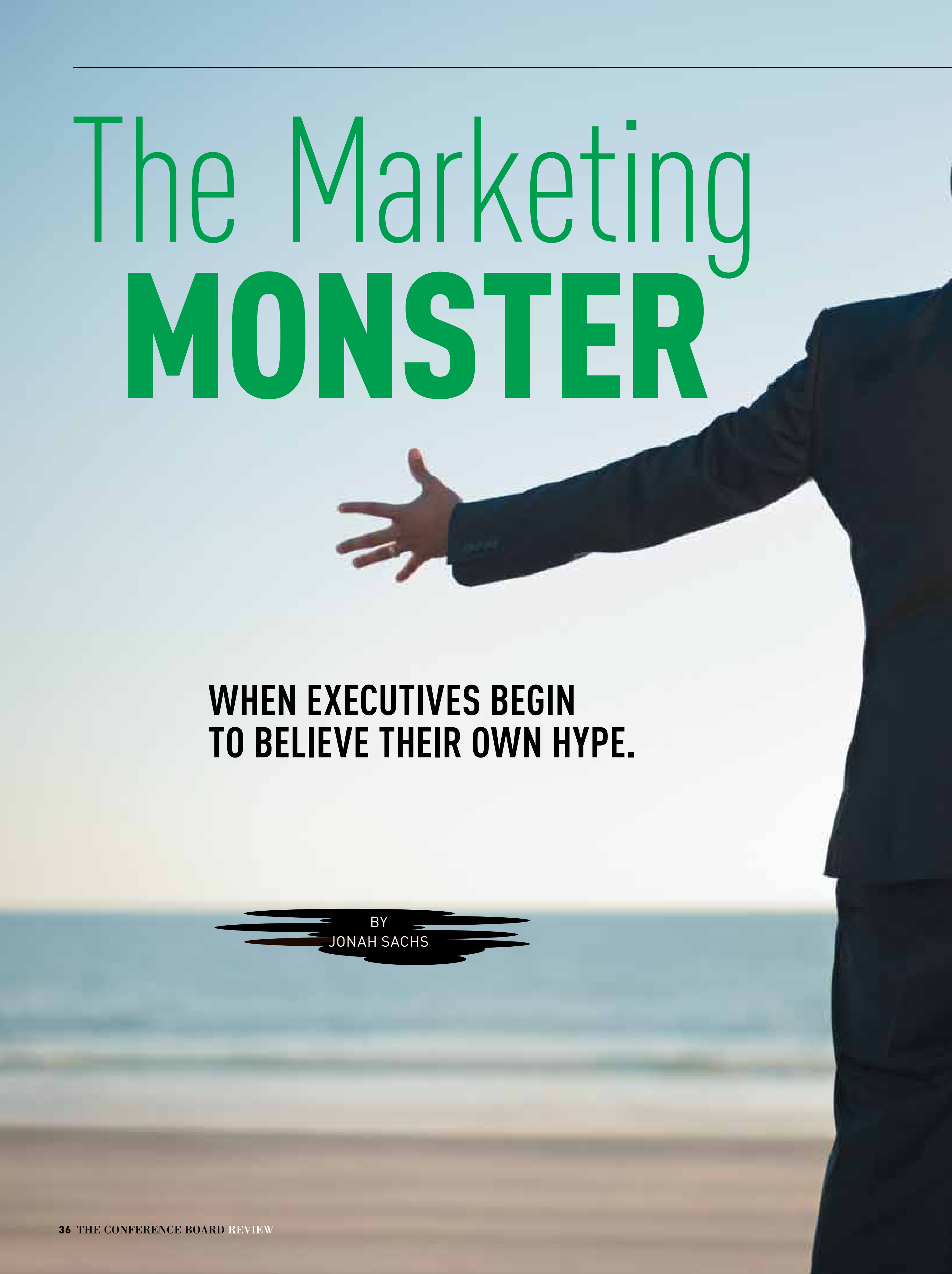
Most organizations pay employees to work. One pays them to leave work.

Four years ago, Zappos began offering workers $100 to quit. After a training period of a few weeks, during which the retailer immersed new employees into its culture and operating procedures, a manager sat down with each person to extend "The Offer," a super-early-resignation bribe and an opportunity for both business and workers to ensure a good job fit. Better to cut potential losses now than to suffer future, greater costs associated with disengagement, turnover, and potentially unhappy customers.

"It's an interesting approach, but it almost suggests a bad job of selecting people," says Towers Watson's Jamie Hale. "Maybe it's better to do new-employee surveys or other things that would identify if people are dissatisfied with their decision."

Adds Brandi Britton of staffing firm Robert Half International, "At the end of the day, if the economy is bad, people aren't going to leave even if you offer them $1,000."

What about today's offer of $4,000? After Zappos raised the amount from $100 to $1,500 within a few months in 2008, a company training manager told *Internet Retailer* that only 2 to 3 percent of new hires accepted the money, which she attributed to proper screening of candidates. Still, one has to wonder at what sum the company would find it disadvantageous to continue the program—or how many dollars Zappos would have to wave at new hires before significantly more of them waved goodbye? —V.L.

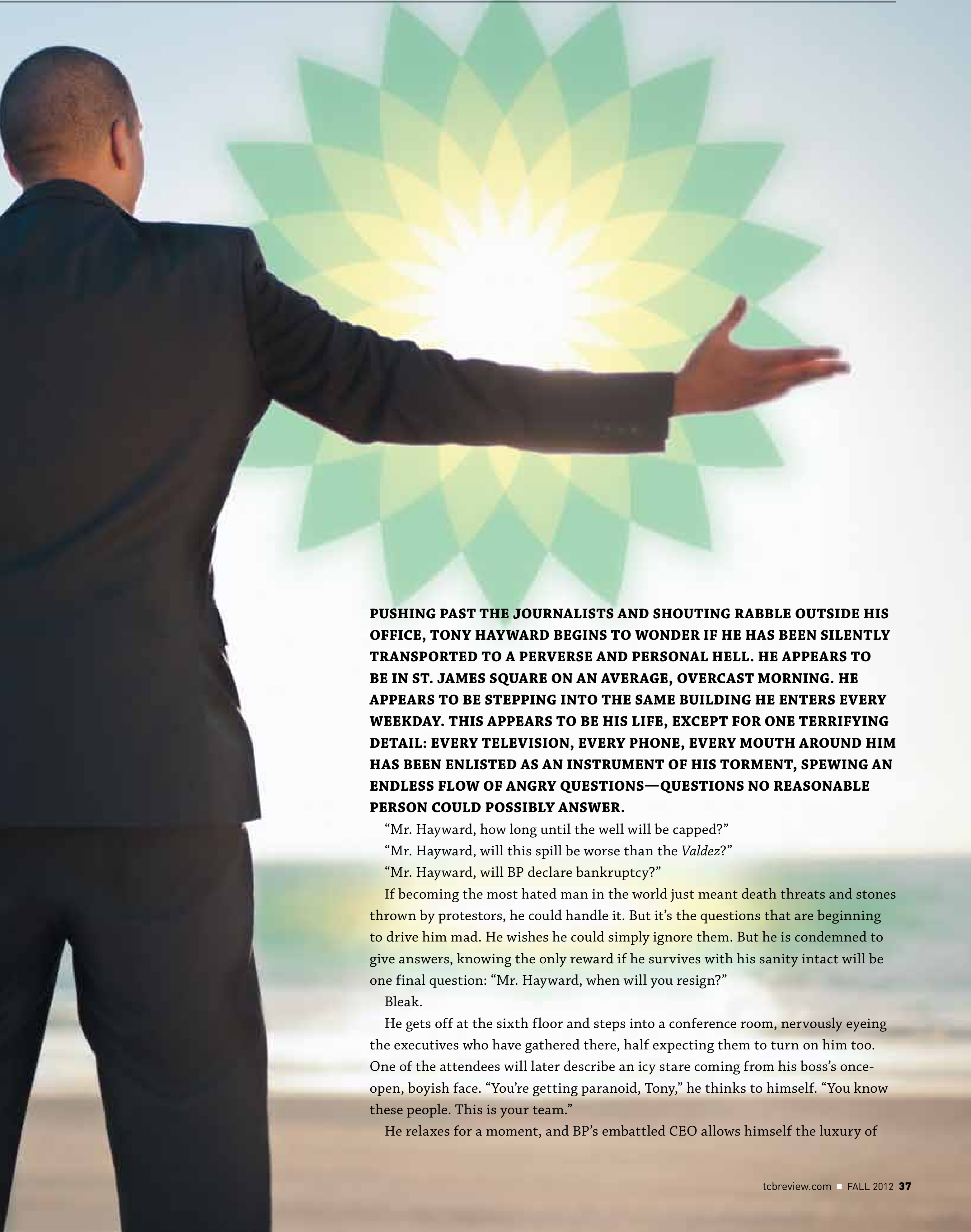


The Marketing MONSTER

WHEN EXECUTIVES BEGIN TO BELIEVE THEIR OWN HYPE.

BY
JONAH SACHS

JONAH SACHS is co-founder and creative director of Free Range Studios. Adapted from *Winning the Story Wars: Why Those Who Tell—and Live—the Best Stories Will Rule the Future*. Reprinted by permission of Harvard Business Review Press.



PUSHING PAST THE JOURNALISTS AND SHOUTING RABBLE OUTSIDE HIS OFFICE, TONY HAYWARD BEGINS TO WONDER IF HE HAS BEEN SILENTLY TRANSPORTED TO A PERVERSE AND PERSONAL HELL. HE APPEARS TO BE IN ST. JAMES SQUARE ON AN AVERAGE, OVERCAST MORNING. HE APPEARS TO BE STEPPING INTO THE SAME BUILDING HE ENTERS EVERY WEEKDAY. THIS APPEARS TO BE HIS LIFE, EXCEPT FOR ONE TERRIFYING DETAIL: EVERY TELEVISION, EVERY PHONE, EVERY MOUTH AROUND HIM HAS BEEN ENLISTED AS AN INSTRUMENT OF HIS TORMENT, SPEWING AN ENDLESS FLOW OF ANGRY QUESTIONS—QUESTIONS NO REASONABLE PERSON COULD POSSIBLY ANSWER.

"Mr. Hayward, how long until the well will be capped?"

"Mr. Hayward, will this spill be worse than the *Valdez*?"

"Mr. Hayward, will BP declare bankruptcy?"

If becoming the most hated man in the world just meant death threats and stones thrown by protestors, he could handle it. But it's the questions that are beginning to drive him mad. He wishes he could simply ignore them. But he is condemned to give answers, knowing the only reward if he survives with his sanity intact will be one final question: "Mr. Hayward, when will you resign?"

Bleak.

He gets off at the sixth floor and steps into a conference room, nervously eyeing the executives who have gathered there, half expecting them to turn on him too. One of the attendees will later describe an icy stare coming from his boss's once-open, boyish face. "You're getting paranoid, Tony," he thinks to himself. "You know these people. This is your team."

He relaxes for a moment, and BP's embattled CEO allows himself the luxury of asking a question of his own: "What the hell did we do to deserve this?"

Nobody dares to answer, but someone does scribble the question down and later will pass it off to a reporter. It is printed and reprinted millions of times over. In the months that follow, Tony Hayward, who runs what investigators would call the world's most reckless and aggressive oil company, will be asked hundreds of times how he could have asked such a stupid question.

In fact, Hayward's question wasn't nearly as stupid as it may appear. Instead, it offers an important insight into the psychology of a man and a company that had fallen victim to its own deceptive empowerment marketing strategy. By telling the truth about the dangers of humanity's dependence on oil and enlisting people to fight it, BP had risen to tremendous heights as *the* green-energy brand. It had also set itself up for a tremendous fall—and not only because the 2010 *Deepwater Horizon* oil spill destroyed billions of dollars of green brand equity. Less appreciated, but perhaps more importantly, BP's false green brand likely played a significant role in causing the spill itself—blinding its executives to the outrageous liabilities in the firm's ultra-risky exploration strategy, making them believe that they were the "good guys," regardless of mountains of evidence to the contrary.

GREENWASH AND GROUPTHINK

By 1997, the audacious John Browne had fixed on the idea that he would create the world's largest oil company—by exploration, acquisition, and branding. The British Petroleum CEO believed, many thought insanely, that customers could be taught to identify with a brand of gasoline. Browne knew that if this feat could be pulled off, it would give him an enormous competitive advantage as he acquired smaller companies, supercharged their sales with his brand, and rolled them up into an empire.

The inspiration for an iconic oil brand first occurred to Browne while he was serving on the board of Intel. He had been deeply impressed that a company that manufactured an essentially invisible product—a microchip—could become one of the world's most recognizable brand names thanks to the clever "Intel Inside" campaign. "People don't ask whether BP is inside," he told *Harvard Business Review*. "Maybe someday they will."

But the irrepressible executive had a tremendous uphill climb ahead of him. The public was reporting that they hated oil companies, and pumped their gasoline only grudgingly. Since the 1989 *Exxon Valdez* disaster, anyone involved with the petroleum industry was seen as a villain. And with rising concern about climate change, the situation was only deteriorating. A major industry survey at the time found that motor fuels made up the absolute worst-performing category in terms of brand affinity.

Browne was ready to do something radical, and in 1997 he made an appearance at Stanford University, surrounded by solar panels, declaring that the evidence was irrefutable: *There is a direct link between manmade greenhouse gases and climate change. Something must be done, now.*

Later that year, Browne dramatically withdrew British Petroleum from the Global Climate Coalition, an oil interest group devoted to questioning the science of climate change. All this was worthy of tremendous international attention and acclaim. It was a tectonic shift in the story wars—an oil company no longer resisting, but joining, the fight against climate change.

By 2000, changes to British Petroleum's brand would be unmistakable and sweeping. The name was changed to BP and the new tagline, "Beyond Petroleum," would serve as the firm's de facto long-form name. The BP shield was replaced with a *helios*, a symbol of the sun that doubled as a flower. Browne would follow the rebrand with promises of multibillion-dollar investments in alternative energy and a pledge to cut his own company's emissions drastically. The new look was all sunshine and optimism, and the ads that accompanied it followed a classic and hard-hitting empowerment marketing approach—so not surprisingly, they worked spectacularly.

BP's false green
a significant role in

BP was not asking audiences to believe they could consume their way out of the oil problem. That would have been seen as obvious greenwashing. Instead, BP's creative team at Ogilvy & Mather decided to tell a deeper truth. The ad campaigns would call on audiences to engage in a conversation and a partnership with the brand in making tough choices and ultimately in creating solutions. The messages were far from feel-good, but they were tremendously inspiring.

"It wasn't in the spirit of, 'Don't worry your pretty little heads: We'll get you the oil that you need,'" recalled Ogilvy's North American chairman John Seifert of BP's "On the Street" campaign. These celebrated ads featured everyday people grappling with the tough problem of oil dependence. The ads offered a new story for a society realizing that old visions of progress and explanations of how to get there no longer made sense. And they emphasized the importance of honesty, calling people to think deeply and act selflessly.

"Think about your children," a woman in one ad snarls when asked what she would say to an oil executive. "They're breathing the air I'm breathing, that you're breathing, and it's bad. . . . If you have alternatives, invest the money in alternatives. You'll still make money. It won't make you a Communist. It'll just make you a better human being."

Audiences and critics were wowed.

HERE COMES THE SUN KING

The new look and the authentic-seeming conversations that accompanied BP's image refresh would make Browne's vision of a lovable oil brand come true—beyond even his lofty dreams. BP quickly rocketed to number one in the motor-fuels category for brand loyalty and soon launched out of that group to become one of the world's most beloved brands in all categories. Browne himself would become the celebrated "green oilman," and even more dramatically the business press dubbed him "the Sun King." As he worked feverishly to consolidate smaller companies into BP—buying Amoco and Arco in quick succession—the halo around BP's chief continued to expand. He had already been knighted in 1998 following his Stanford speech, and in 2001, he was appointed to the House of Lords with the title of Baron Browne of Madingley. The world was buying BP's version of the truth.

brand likely played causing the spill itself.

Investors were buying it too. A 2007 *BusinessWeek* article argued that the company's excellent risk rating, which was better than rival ExxonMobil's, could be traced to BP's commitment to alternative energy. This was an amazing coup, because over the previous five years BP had been slapped with 760 safety violations to ExxonMobil's one. The story BP was telling was just too good to be undermined by facts on the ground. But the facts had long been grim.

While dramatically telling the truth about the problems with fossil fuels, BP was living a lie—there was nothing "beyond petroleum" about the oil giant's operations. For years, Browne had been spending more on green advertising than on alternative energy research, and even his long-term multibillion-dollar commitment to clean energy was smaller than BP's single-year spend on oil exploration. By 2010, BP's investment in hydrogen, wind, solar, and biofuels amounted to just 6 percent of its overall capital expenditures.

In 2010, looking back on BP's operations, *The Wall Street Journal* would note that the company's business strategy had long been "predicated on being a leader at the industry's frontiers—drilling the world's deepest wells in the Gulf of Mexico, scouring for oil in the Arctic, squeezing natural gas from the rocks of Oman." Not exactly *beyond* petroleum. As the Baron traveled around the world receiving awards and accolades for his green commitments, he was also driving up profits by cutting costs—laying off thousands of employees, many of them engineers whose job it was to ensure that BP's aggressive projects wouldn't lead to disaster for workers and the environment.

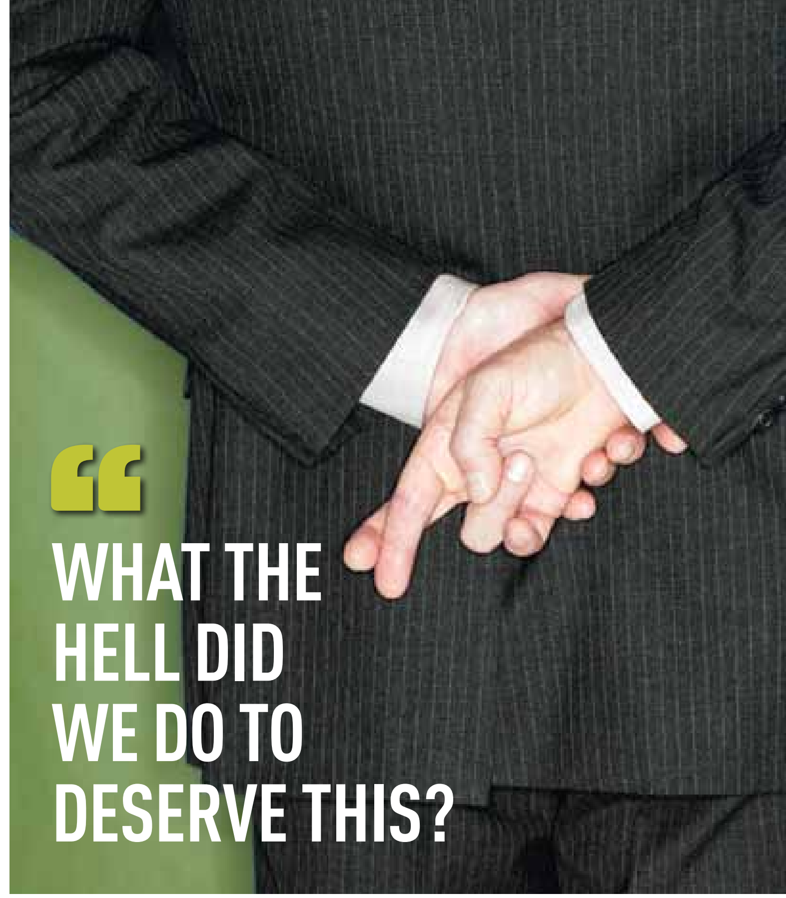
The results of Browne's hard-driving approach would be dramatic and tragic—and until the ultimate disaster of the largest spill in American history, they would be amazingly hidden beneath the brand's feel-good image. In 2005, a fire at a BP refinery in Texas killed fifteen workers and injured 170 others. The government would find that the deaths were no freak accident but the result of grossly negligent corporate behavior. BP would be slapped with the largest fine in OSHA history. In 2006, a ruptured BP pipeline spewed more than 200,000 gallons of crude oil onto the Alaska tundra—the worst onshore spill in Alaskan history. A congressional investigation found that negligence and cost-cutting played a major role in this fiasco too.

These disasters and the many hundreds of documented near-disasters made it clear to many BP employees that for Browne, caution and safety were simply not high priorities. He enthusiastically focused on only three things: aggressive oil exploration, cost-cutting, and green branding.

Even in light of damning government reports, internal investigations, and warnings from other oil companies of impending disaster, Browne would remain at the helm of BP. It was only in May 2007, after an embarrassing personal and legal scandal, that the Sun King stepped down and his protégé, Tony Hayward, a twenty-seven-year BP veteran, took over.

Hayward touted himself as a reformer. And he seemed to believe it. But after almost three decades and a long stint in Browne's inner circle, he was a company man through and through. While he talked confidently of BP's radical shift to a focus on safety, he was in reality deeply steeped in BP's tradition of say a lot, do a little.

One former BP safety engineer summed up the superficiality of the company's safety approach, saying that executives



THE AGENTS OF AUTHENTICITY

As BP can tell you, stepping up with an empowerment-marketing approach can be dangerous and complex. Fortunately, we are not all doomed to repeat these mistakes. Your narrative marketing strategy can drive you to actually live out the values at its core, and the digital era has brought armies of potential allies who can help you do just that. They are the newest major force in the story wars—the agents of authenticity—and they are everywhere.

No matter how carefully you craft your story strategy, it is your audience, many of them agents of authenticity, who will write its most important chapters. To anyone who owns or manages a brand, including a personal brand, today's audiences appear to be far more frightening than the passive media consumers of the broadcast era. That is, they're frightening until you understand a simple truth: *They don't hate you.* In fact, chances are, if they're calling you to authenticity it's because they want to love you. They've connected with your core values. They've been inspired by your marketing. And they want nothing more than to see you live the truth you're telling.

Today's agents of authenticity are forensic experts and masters of social media. Some of them are agenda-driven crusaders—consider lab technicians analyzing Barbie's packaging. What they're looking for is evidence of wood from Sumatran rainforests buried in the cardboard's DNA. When they find that the toy, so beloved by girls everywhere, is responsible for the deaths of baby tigers (also beloved by girls everywhere), they pass the information on to the Greenpeace media team.

Greenpeace turns the revelation into a viral video story in which Ken hears Barbie's been trashing the planet and dumps her. A few hundred thousand angry letters later, and Mattel, the world's largest toy maker, is trying to plead ignorance while simultaneously announcing a new packaging policy. News of the campaign will eventually go mainstream—but not right away. That happens only after it's picked up from Greenpeace's own publishing platform, from YouTube, and from the local news channels that covered a handful of protestors outside corporate headquarters.

The agents of authenticity are highly creative, and they're not afraid to take on their own nominal allies. But most agents of authenticity aren't activists. They're parents using mobile apps such as GoodGuide to get health information that can't be found on product labels. When one finds out her favorite brand of no-tears baby shampoo contains neurotoxins, she tweets, alerting her social network and the brand itself to the deep irony that an "ultra-gentle" product causes brain damage. One is a traveler who has been mistreated by the counter rep of an airline built on a story all about care for its customers. He has a personal publishing platform that reaches fifteen hundred people who deeply trust his opinion. For fifteen hundred travelers—and after his stinging posts go viral, 150,000 more people—the next chapter brings an unexpected, and

were "focused so heavily on the easy part of safety, holding the hand rails, spending hours discussing the merits of reverse parking and the dangers of not having a lid on a coffee cup, but were less enthusiastic about the hard stuff, investing in and maintaining their complex facilities." It's because, he said, when it comes to oil, "they just go after it with a ferocity that's mind-numbing and terrifying."

THE INSIDE PERSPECTIVE

Hayward, like Browne, was all for safety when it was easy, but when it conflicted with maximum oil output, safety always seemed to take a back seat. That's why by 2010, under Hayward's regime, BP had become the world leader in "ultradeep" offshore drilling while remaining at the top of the list when it came to safety violations. All the while, its website proudly proclaimed—as it still does: "'Beyond petroleum' sums up our brand in the most succinct and focused way possible. It's both what we stand for and a practical description of what we do."

So it came as no surprise to industry observers and many BP employees that on April 20, 2010, a megadisaster finally occurred. The explosion of the *Deepwater Horizon* oil platform would kill eleven workers and release more than five million barrels of oil into the Gulf of Mexico over five months. The spill took just four days to surpass the scale of the infamous *Exxon Valdez*. Numerous investigations would place the blame for the explosion on BP's cutting of costs, inattention to safety, and overly aggressive attitude toward extracting oil from difficult-to-reach reserves.

So how could Hayward have asked, "What the hell did we do to deserve this?" He posed this question honestly, not for the sake of PR, but in the privacy of his own office. Here was a man with more access to the facts of BP's reckless behavior than perhaps anyone on Earth. He had presided over one of the world's most deceptive brands. He came in with a

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unwelcome, twist to the airline's story.

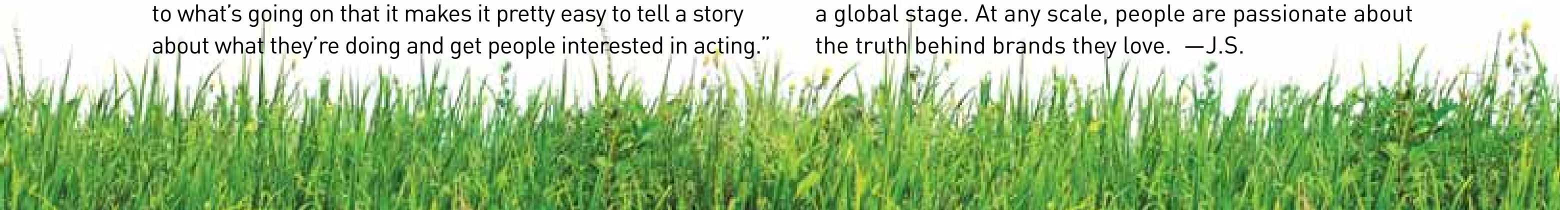
Agents of authenticity are donors who can now track where their dollars really go, voters who can find out where a candidate's dollars really come from, and customers who can talk to each other about their entire experience dealing with a brand. They're increasingly comfortable with Yelp, Twitter, Facebook "likes," and Amazon reviews. If they're under 50, they're more likely to get their news online than through broadcast. More often than not, that online news contains a social layer, attaching the comments and recommendations of their friends to every piece of information they receive. The world of conversations that matter is becoming transparent, and the price of admission to that world is authenticity.

Case in point: Greenpeace's real target in the Barbie campaign was Sinar Mas, the largely invisible paper-products company that is deforesting Sumatra. But companies such as these can be difficult to influence: "The leadership of Sinar Mas doesn't care about a few folks around the globe calling them out," says Rolf Skar, a Greenpeace organizer who helped craft the Barbie campaign. "So we trace their products up to brands who have customers that do care. They have real brand liabilities. Mattel's not the most evil company in the world. But the values they're trying to communicate to consumers are in such blatant contrast to what's going on that it makes it pretty easy to tell a story about what they're doing and get people interested in acting."

Customers love Mattel's brand story of childhood fun and innocence, and they want it to be true. When it turns out that the company's actions put this story in doubt, that information becomes worth sharing in the community of parents and kids who care about these products the most. Mattel has suddenly become a cheat and therefore storyworthy. Greenpeace knows this, and though its campaigners will probably never love Mattel, they are counting on the desire of millions to love the brand and see it live its truth.

Nike was never the only or worst offender in the use of sweatshops—it was just the brand that customers most wanted to love, thanks to its empowerment-marketing successes. Human-rights campaigners knew this and successfully made Nike synonymous with sweatshop labor. Their aim was to get the sneaker legend to live up to its story. Same with the successful viral campaign to get toxic chemicals out of Apple products. Customers want Apple to be as clean and revolutionary as the image presented in its stories.

People want to love these brands. And if these brands live the truth, they will. If you plan to build an iconic brand around iconic stories, you should expect to face this same need for authenticity. This is just as true for a locally revered brand as it is for a brand that is iconic on a global stage. At any scale, people are passionate about the truth behind brands they love. —J.S.



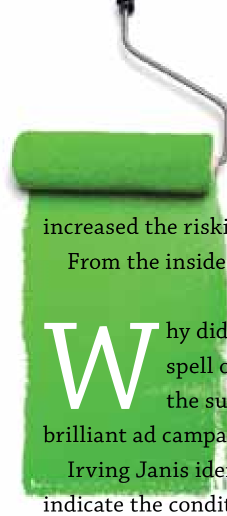
reformer's mandate, yet he had utterly failed to shift the company away from its reckless behavior.

In truth, Hayward was only the latest tragic figure to ask this apparently ridiculous question. It's one that has been posed, just as strangely, throughout history by misguided leaders who have isolated themselves within a reality of their own making, surrounding themselves with others who come to see the world just as they do—however distorted that vision may be. We can just as easily imagine John F. Kennedy asking this question of his advisers after the Bay of Pigs debacle, or Richard Nixon asking it after Watergate, or George W. Bush after no WMDs were found in Iraq. The question must have rattled off the skyscrapers on Wall Street for months after insane lending practices began bringing legendary institutions to their knees. This phenomenon is called *groupthink*, and it tends to run rampant in organizations that refuse to live the truth proclaimed in the stories they tell.

Psychologist Irving Janis developed the groupthink model in the early 1970s, partly to explain how otherwise-intelligent members of a decision-making group so often make disastrous decisions such as these. When certain conditions are present, Janis discovered, groups quickly reach consensus decisions with amazing disregard for obvious warning signs that they are on the wrong track. Extremely cohesive groups, oriented around a strong leader, will ignore or punish dissenting opinions. Before long, they stop being aware that dissent exists at all. At this point, the realities of the outside world start to become less important than the illusory reality created by the insiders themselves. Victims of groupthink tend to be overly optimistic that desired results will come their way and dangerously enthusiastic about risk-taking because they believe they cannot fail. What looks like evil or stupid behavior from the outside appears totally reasonable and justified when seen from within.

As John Browne rose to the zenith of his global esteem, groupthink descended upon BP's core leadership team like a thick fog. Red flags about safety concerns flew up everywhere in the form of external and internal investigations and even massive government fines. Browne and his men, including Hayward, optimistically responded with superficial fixes, believing these measures could address deeper safety issues while keeping oil flowing at maximum rates.

Whistleblowers tried desperately to get executives to maintain safety equipment, and top talent resigned in protest when they did not. Executives consistently ignored such dissent. When Hayward took over, the leadership team spent countless hours discussing plans to reorient its approach to safety even as they increased the riskiness of the projects they undertook.



From the inside, it all looked perfectly normal.

Why did BP's leaders fall so completely under the spell of groupthink? Blame it, in large part, on the success of Beyond Petroleum and Ogilvy's brilliant ad campaign.

Irving Janis identified eight key symptoms that both indicate the conditions of groupthink and cause defective decision-making as a result. At the top of this list, just under symptom 1—illusions of invulnerability—he placed "Unquestioned belief in the morality of the group." A sense of moral rightness, Janis argued, blinds group members to the consequences of their actions. *Being* the good guys, it turns out, makes what you actually *do* seem irrelevant—even when what you do puts yourself and others at grave risk.

It is beyond question that Browne's inspired Beyond Petroleum campaign cast BP convincingly as global good guys. Customers believed it, and they made BP the most highly rated gasoline brand. Investors believed it and gave the company implausibly high risk ratings. The queen of England believed it. And most tragically, so did John Browne and Tony Hayward. Mesmerized by their own saintliness, BP's leaders felt free to engage in far riskier adventures than other, less-pious oil companies would ever dare attempt—remember that publicly reviled ExxonMobil earned only one safety violation in the time it took for BP to rack up 760.

BP's powerful empowerment-marketing strategy created a valuable community of customers, but it also created an overly cohesive leadership team, blind to its own faults. Lives, livelihoods, and ecosystems would come crashing down as a result. So would one of the most valuable brand images of the twenty-first century. Hayward was shocked, and that's likely because he was just as fooled by Beyond Petroleum as anyone else.

While few companies have the power to generate profits or tragedy on the scale of BP, every marketer can learn from the oil giant's giant error. Creating a story strategy based on higher values that have little or nothing to do with the operational values of your brand puts you on a razor's edge. As the strategy begins to succeed, as so many empowerment-marketing strategies do, the reality depicted in the stories you tell becomes more real to you than the realities of the world your brand actually inhabits. Convinced of its higher morality, your team becomes so enamored of the story, however untrue, that focus on the fundamentals of running a business wavers. Risks rise while thoughtful analysis falters. And one of the worst victims of greenwashing, surprisingly, becomes the greenwashed brand itself. ■

MATTHEW BUDMAN is editor-in-chief of *TCB Review*.

MEN NOT AT WORK

THE MODERN ECONOMY IS BETTER SUITED TO WOMEN, SAYS HANNA ROSIN, AND MEN HAVE SO FAR BEEN UNABLE OR UNWILLING TO ADJUST.

BY MATTHEW BUDMAN

"FOR WOMEN, THERE'S STILL THE QUESTION OF DIVERSITY AT THE VERY TOP," SAYS HANNA ROSIN, AND INDEED, ARTICLES AND BOOKS CONTINUE TO LAMENT HOW FEW FEMALE CEOs AND DIRECTORS POPULATE THE CORNER OFFICES OF CORPORATE AMERICA. BUT JUST A LEVEL OR TWO DOWN, WOMEN NOT ONLY HAVE ACHIEVED EQUITY—IN MANY INDUSTRIES AND PROFESSIONS, THEY HAVE SURPASSED MEN, AND THAT FACT HAS ENORMOUS IMPLICATIONS FOR BOTH EMPLOYERS AND EMPLOYEES.

Rosin's new book, *The End of Men and the Rise of Women* (Riverhead), ventures far beyond the workplace, but that's where the story begins: with male-dominated professions waning and men failing to adapt to new economic realities. The result is men losing power and authority both at work and at home. Even as ambitious women continue to struggle with "having it all" issues of balancing careers and family, men increasingly grapple with an unfamiliar feeling of dispossession.

The End of Men grew out of a 2010 *Atlantic* article that drew feedback both positive and negative. "I've heard two main negative reactions: that I'm antifeminist and that I'm anti-men," she says. "Men's groups may agree with me on their circumstances, but to hear a woman say it is hard. Positive reactions have come from single mothers and struggling single women; they have really appreciated hearing articulated what is changing in power dynamics between men and women and how we can recognize what these new family configurations are."

Rosin is a senior editor at *The Atlantic* and founder of DoubleX, the gender-issues section of *Slate*; she is married to *Slate* editor David Plotz, with whom she has three children. Rosin spoke via Skype from her Washington, D.C., home.

I HAD ASSUMED THAT "THE END OF MEN" WAS SOMEWHAT HYPERBOLIC. AND IT'S TRUE THAT YOU DON'T ENVISION MALES DISAPPEARING ALTOGETHER. BUT THINGS DO SOUND A LITTLE BLEAK. WHEN DID EVERYTHING START GOING WRONG FOR MEN?

Everything started going wrong for men when the manufacturing era started to end, maybe forty years ago. But you could also say a hundred years ago, when office work came into play, when brawn—sheer physical strength—started to become less important.

YOU CITE "THE GROWING DEMAND FOR SOFT-SKILLS JOBS" BEGINNING IN THE 1970s.

That's more or less when we started to appreciate the creative economy and measure people skills. But even before that, in the literature of the '50s, like *The Man in the Gray Flannel Suit*, men were beginning to rebel against office life as something that is unmanly; reading, you start to get a sense of the work world as something that men feel constrained by and that seems to play to natural strengths of women.

AND AS YOU WRITE, "THE MODERN ECONOMY IS BECOMING A PLACE WHERE WOMEN HOLD THE CARDS." WOMEN WORLDWIDE DOMINATE COLLEGES, TWELVE OF THE FIFTEEN FASTEST-GROWING JOB CATEGORIES ARE PRIMARILY FEMALE, AND MEN ARE INCREASINGLY CONCENTRATED IN INDUSTRIES THAT ARE FADING AWAY.

College is a big part of the picture because, whether we like it or not, college is a precursor to success these days. Some people argue against that and don't want it to be true, but it *is* true. For reasons researchers can't quite figure out, women are much more successful in getting college degrees; in fact, school at all levels seems to play to the natural abilities of women.

But the jobs that seem to be growing, the jobs we think of as stepping-stones to the middle class, are heavily dominated by women. And ironically, they depend on old stereotypes about nurturing—for instance, about nursing. Women are half of medical-school graduates and, in some countries, more than half of doctors. England is having a national conversation about the feminization of the medical industry because so many doctors are women. The healthcare industry has actually grown at about the same rate as the manufacturing industry has shrunk.

WHEN YOU REFER TO "THE NEW FEMINIZED ECONOMY," IT SOUNDS AS THOUGH IT INCLUDES EVERYTHING BUT CONSTRUCTION AND MANUFACTURING. IS THERE A "MASCULINE ECONOMY" ANYMORE?

I don't think there's any growing economy we'd call masculine—except technology, which, at the top, is still dominated by men. And I don't think any economist thinks that the manufacturing era is going to come back. It's never going to be what it was.

FROM A CORPORATE PERSPECTIVE, SHOULD EMPLOYERS CARE WHETHER THEY'RE HIRING MORE MEN OR WOMEN? IT'S UNDERSTANDABLE WHY SCHOOLS STRIVE FOR GENDER PARITY, BUT WHAT ABOUT COMPANIES?

Yes, companies should care about gender parity. This is a conversation I had with a lot of the young founders of tech companies. They approach this very clinically—not as a politically correct matter of "It's really nice to have a lot of women around" but by reading decision-making studies that talked about the value of diversity in decision-making and how it's better to have multiple perspectives. So for the bottom line, it's better to have diversity.

In the '80s and '90s, companies strained to have diversity as one of their values; now it's more moving past diversity to having women in actual positions of leadership. We have a lot of diversity in the manager class, and we have a lot of diversity in the lower executive class. The question is what happens after that—how to get more diversity in the upper executive class.

> "It's not so much empathy and nurturing that's valued in the economy when we talk about leadership skills as **collaboration**.

OF COURSE, IN TECHNOLOGY THE CONVERSATION MAY BE ABOUT HOW TO BRING MORE WOMEN IN, BUT IN A LOT OF OTHER INDUSTRIES, THINGS HAVE ALREADY TIPPED THE OTHER DIRECTION. AT WHAT POINT DO SOME COMPANIES—LIKE COLLEGES—NEED TO WORRY ABOUT HIRING AND PROMOTING MORE MEN?

I think there will be a point very soon where we have to start worrying about diversity and men at the entry level, in the same way we started worrying about diversity and men at elite colleges. The natural next step is to worry about men graduating from elite colleges and getting entry-level jobs. This idea may sound absurd to feminists, but it's the natural next step.

I've read about companies in China where, like in a lot of Asian societies, hiring and promotion are very much determined by exams. But so many women are getting ahead that they've started to agonize about that and worry about bringing men forward.

NOW, IT SEEMS AS THOUGH A BIG PART OF WHY WOMEN ARE MORE SUCCESSFUL IN THE NEW ECONOMY IS WHAT YOU CALL "A TRADITIONALLY FEMININE SET OF TRAITS—SOCIAL SKILLS, CARETAKING, AND COOPERATIVE BEHAVIOR." YOU WRITE THAT "TRADITIONALLY FEMININE ATTRIBUTES, LIKE EMPATHY, PATIENCE, AND COMMUNAL PROBLEM SOLVING," HAVE REPLACED "THE TOP-DOWN AUTOCRATIC MODEL OF LEADERSHIP AND SUCCESS." BUT ARE GENDER ROLES SO FIXED? ELSEWHERE IN THE BOOK, YOU LOOK AT CLAIMS BY EVOLUTIONARY PSYCHOLOGISTS THAT WE'RE ALL HARDWIRED TO PLAY FIXED SOCIETAL ROLES, AND YOU INSIST THAT THINGS AREN'T SO RIGID.

They're not so rigid. I think we're in a transition moment now: It's not so much empathy and nurturing that's valued in the economy when we talk about leadership skills as collaboration. There are still slightly different ways that women make decisions. They're not necessarily *nicer* about making decisions, but there are certain things they do consistently, like take others' views into account, and they tend to be a little bit more cautious. So this is a long continuum.

I am not of the view that there are fixed traits. It'd be *much* easier if I argued my book that way and if I believed that, because then I could say, "There are certain feminine traits, and the female mind works this way, and that's what the economy wants." But I think, after reading much of the literature on this, that we don't have enough information to conclude that. There's a broader continuum than we think, and women have moved far along the continuum in terms of aggression and dominance while still retaining some of the other qualities like empathy and collaboration, whereas men are a little more rigid on that continuum, at least in this moment. They haven't been allowed to, for cultural reasons and maybe some neurological reasons, move quite as far as women.

That's why I put my chapter on violence in the book, in order to scramble the picture a little bit, to show that we've long thought that men dominate because they're aggressive, but we can see how far women have moved on that aggression-and-dominance scale.

SO YOU'RE SAYING THAT WHEN WOMEN RUN THE WORLD, WE SHOULDN'T ASSUME THAT WORLD WILL BE MORE GENTLE AND NURTURING AND COMPASSIONATE?

I don't think so! I do believe it might be more collaborative; there might be a different way of making decisions; and it might be slightly less risk-taking, if that's how we want to define aggression. So I feel those traits are fairly consistent among women. It may change a hundred years from now, but I think it'll take a long time. But I do not think the world will necessarily be nicer or more gentle. I don't think that's necessarily true.

There's research—albeit very limited research—showing that women consistently do make different decisions with money. Norway is our live example of this, because they have mandated that women sit on corporate boards. They've done the first series of studies on what happened in Norway, and women do make slightly different decisions, and those slightly different decisions do in fact affect the bottom line.

IT RESULTS IN MORE LONG-TERM THINKING, RIGHT?

That was the idea—that women don't make as quick, short-term, what after the Wall Street crash we started to call testosterone-driven decisions. They make slightly longer-term decisions that affect the bottom line in the short term. Now, we would like to think that in the long term they won't affect the bottom line; we don't know that for sure. We don't have the evidence yet.

After the Wall Street crash, people started discussing reckless decision-making with regard to gender—for instance, analyzing how many trades a single man makes per hour versus how many trades a single woman makes per hour. We began to reevaluate *aggressive* as *reckless*. Think about *The New York Times* theory of how Lyme disease brought down JPMorgan: Ina Drew was in charge of the various traders and kept the bank out of the banking crisis for three years. The year that the disastrous London trades were made at JPMorgan, she had Lyme disease, and she was gone so much that she wasn't around enough to soothe everyone's egos and keep them collaborating.

Now, do I actually believe that testosterone rages on Wall Street trading floors are responsible for bad trades? I don't believe that any more than I believe all those old studies about estrogen and hormones and how they affect the way a woman walks and what she looks like and whom she's attracted to. What's interesting to me is the culture of science—how we've started to look at and evaluate these situations differently now that we're starting to accept that women can be top leaders.

AND YET THERE ARE ALMOST NO FEMALE CEOS, WHICH YOU CALL "THE ULTIMATE PROBLEM." SHOULD WE EXPECT TIME TO SOLVE THAT AS WELL, AFTER TODAY'S MALE CEOS RETIRE? IS IT, AS YOU PUT IT, "THE LAST GASP OF A VANISHING AGE"?

I think it's partly a question of social policy and partly a question of time. The situation looks unstable when you look at these hierarchies; it's unsustainable. We have such a huge number of women in the middle-executive ranks and almost none at the top. So I think partly time will solve this problem—the next generation will not look like that. But we can't just sit still and wait for it to happen. The workplace needs to look at itself and address some of these questions.

CONSIDERING THAT WOMEN HAVE LARGELY TAKEN OVER HR FUNCTIONS, WHY ARE CORPORATE CULTURES AND HR POLICIES STILL SO INFLEXIBLE?

Economist Claudia Goldin talks about how some professions, most notably law firms and Wall Street, are absurdly rigid and very old-fashioned in terms of what they demand. But we're getting closer to a tipping point. Anne-Marie Slaughter, in her *Atlantic* piece "Why Women Still Can't Have It All," describes how many women want certain things and want to behave in certain ways in regards to their children, and how that doesn't match today's typical workplace, which is fairly inflexible in terms of accepting that there are so many ambitious women in the workplace. She and I agree that America, for whatever reason, is extremely slow in incorporating and accepting the entry of women at all levels of the workplace.

The hope is that the younger generation of workers will change things. Their demands are not that different from mine, as a 40-year-old woman with children: how they want to work, how much they want to dedicate themselves to work, and their sense that they don't need to be loyal to any one place. Maybe in the next generation, the workplace will open up a little bit and become more flexible in different industries, allowing more women to rise where they're naturally headed anyway and create a more humane workplace.

YOU WRITE THAT SILICON VALLEY IS MANAGING TO SOLVE THE PROBLEM OF AMBITIOUS WOMEN WHO WANT TO SPEND TIME WITH THEIR CHILDREN WITHOUT DESTROYING THEIR CAREERS.

They have not solved the ultimate problem: There are not huge numbers of women at the top in Silicon Valley. On the other hand, those firms are remarkably flexible, and they seem to me to be relatively gender-blind even though they're male-dominated,

because they're younger and newer and don't have a century of historical operations as workplaces. Women there have told me story after story of walking up to a boss and saying, "I just had a baby; I want to take the baby traveling with me; you have to pay for it." And the answer is usually yes, for all the reasons it *should* be yes: "We value you, we spent the last decade training you, and you're the best person for this job. So sure—do what you have to do for the next couple of years, and we'll have you back after that."

DO YOU EXPECT OTHER INDUSTRIES TO LEARN FROM THE TECH INDUSTRY AND RETHINK FLEXTIME AND OTHER POLICIES?

Yes. People admire Silicon Valley; they want to emulate it; they want to be the workplace of the future. Nobody wants to be called backward and hidebound and stuck to traditional rules.

WHO HAS THE FURTHEST TO GO?

Whenever there are studies done about blockage to the top, researchers almost always cite law firms: Why is it that they have a huge number of women graduating from law school and taking entry-level jobs but can't quite make it up to partner? We used to think there was something wrong with the women; now we think there's something wrong with the law firms, which are failing to retain talent that they've trained.

SURELY, BEFORE TOO LONG, A COUPLE OF MAJOR LAW FIRMS AND WALL STREET FIRMS WILL FOLLOW THROUGH ON THEIR RHETORIC AND BECOME MORE FLEXIBLE, MAKING IT SAFE FOR OTHERS TO FOLLOW SUIT.

Here and there you do see amazing, small programs that work really well, and they closely measure their productivity—how many hours people work and how it affects the bottom line. There's a small program at a huge law firm in Los Angeles, and there's a firm in London that's been remarkably successful in creating a slightly more flexible partner track that women have been able to take advantage of.

I would like to get to a point—in society as well as in the workplace—where no choice carries a stigma, where we don't automatically ask what's wrong with a woman who has a baby and, like Marissa Mayer at Yahoo, comes back to work two weeks later, and where we don't ask what's wrong with a man who wants to stay home and take care of that baby.

We need to open our minds to what men can do and what is acceptable for men to do at home. Until it genuinely becomes acceptable for a man to make the decision, without stigma, that he for some period of time is going to be the one taking care of the children . . . Imagine a world in which that was true. It would be *so* much easier for women—everyone would get used to the fact that there's a parent at home and that parent is the father. So we do have a long way to go.

THESE ARE ATTITUDINAL SHIFTS THAT WE ALL NEED TO MAKE, RIGHT? AT ONE POINT IN THE BOOK, YOU DESCRIBE MEETING A STAY-AT-HOME FATHER AND HAVING A REFLEXIVE REACTION.

I tell the story of a stay-at-home father whom I saw, during the day, doing a project with toddlers, and I was startled. I'm trying to get over that initial instinct I have—the way I view men—and think, "This is fantastic."

It's not just that men are rigid in what they're willing to do—we as a culture are rigid in what we accept that men can do. And it's different in different parts of the country. When I was doing research in Alabama, you wouldn't *believe* how rigid roles are in terms of what jobs are acceptable. A *teacher* is barely an acceptable job in some towns there, and it would really help men out if they could work as teachers. By contrast, in places like San Francisco and New York and D.C., where I live, the roles are a little broader—though still not that broad.

Maybe in the same way that the country is going through a transition in how we think of gay people getting married, we have to do the same thing for straight men who are doing what we think of as traditionally feminine things during the day—and not think it's a big deal.

THE BIGGEST QUESTION IS WHETHER MEN CAN, OR WILL, ADAPT TO "THE WORKPLACE OF THE FUTURE." WHY HAVE MEN BEEN SO SLOW TO ADAPT? WHY ARE THERE STILL SO FEW MALE NURSES AND SCHOOLTEACHERS?

It's a great question. It's only at the end of the book when I started to grapple with this rigidity and, in many places, the failure to break out of the macho warrior box. We're so used to thinking of women as the ones who are oppressed that it took me a whole book to realize what a bind men are in, how hard it is for men to change or adapt.

> “It’s not just that men are rigid in what they’re willing to do—**we as a culture** are rigid in what we accept that men can do.

And already, young, urban, progressive men are becoming accustomed to being much more active fathers and having different kinds of jobs and switching traditional roles with their partners—maybe their girlfriend is a lawyer and they’re doing more creative work. They’re still a transition generation, but maybe they’re the tip of the iceberg. It’s a slow coastal-to-middle-America progression of men becoming used to taking on these identities and roles, and I think the economy is going to force that on people without it being painful or embarrassing, in the same way that women not having children until much later is becoming slightly more acceptable.

Sociologically, in the century that women have entered and become half of the workforce, there should have been an equivalent shift for men and domesticity, in terms of what men do at home, what men do with children, job choices men make. That *should* balance out. But it hasn’t worked that way at all: The women’s roles have changed a lot, but the men’s roles haven’t changed very much. That’s the journey we have yet to travel.

WHAT DO YOU THINK WILL FINALLY FORCE MEN TO EXPAND THEIR CHOICE OF WORKPLACES? AS YOU NOTE, WHEN A TRADE BECOMES SEEN AS A “WOMAN’S PROFESSION,” WAGES FALL, MEN FLEE, AND PRESTIGE DRAINS AWAY.

The “typewriter paradox.”

BUT IF MEN SHUN EVERY ONE OF THOSE PROFESSIONS, MANY MEN WILL BE LIMITED TO CONSTRUCTION JOBS.

It’s true. I asked every nursing school, pharmacy school, and teaching school I visited, “Are any men staying with the program?” And there’s a little bit of hopefulness: There are men coming in as nurses and teachers and pharmacists. Not huge numbers yet, but some.

Some professions will be easier to break than others. One can’t imagine a huge influx of men into the nursing field anytime soon, but there’s no reason why there isn’t an influx of men into the teaching field.

The tide has gone all in one direction: women taking over men’s professions and men refusing to go near women’s professions.

THROUGHOUT THE BOOK, YOU DISCUSS WHY WOMEN ARE ADJUSTING SO MUCH MORE EASILY TO NEW ROLES THAN MEN ARE. AS MY WIFE SUGGESTED, IT CAN’T HURT THAT THERE WAS—IS—A NATIONAL WOMEN’S MOVEMENT THAT HAS BEEN DISCUSSING THESE ISSUES FOR FORTY YEARS, WHILE THE CLOSEST THING TO A MEN’S MOVEMENT HAS BEEN BASED ON *IRON JOHN*.

That’s a big problem. The things that make men less successful in the new economy are the same things that keep them from banding together into movements. Susan Faludi’s *Stiffed* addressed this pretty extensively. There isn’t a men’s movement for more paternity leave or for retraining men for certain jobs or colleges. Whenever there’s a program for, say, retraining, it’s never initiated by the men, unlike women, who have accomplished so much by banding together to break down barriers. I wish the men would do the same thing.

> “Some women insist that the man is the head of the household **even though** he’s not working and hasn’t been the breadwinner in quite a while.

YOU TALK ABOUT “THE WORKING-CLASS MEN OF THE SOUTH, WHO OPENLY MOURN THE OLD CHIVALROUS WAYS AND GRIEVE FOR WHAT THE NEW ECONOMY HAS ROBBED FROM THEM.” DO THESE MEN SEE WOMEN’S GAINS COMING AT THEIR EXPENSE?

I had to force those conversations to happen.

WELL, THEY’RE UNCOMFORTABLE CONVERSATIONS.

I was actually just back in the Alabama town I write about and talked to more people, so it’s fresh in my mind. It’s not something that is acknowledged or talked about openly. The wives would laugh at me: “Yes, I pay our mortgage, and I’ve had a bigger paycheck for a decade, but if you want to keep your marriage together, you don’t talk about that.” And certainly the men didn’t want to talk about being secondary.

BUT THEY HAVE GIVEN IT SOME THOUGHT.

This is a live issue only because it is a central philosophy of the church that the man is the head of the household. That is no joke—they teach it at youth groups; they discuss it when talking to young men and women before they marry; they talk about it on Father’s Day. And while they don’t talk about gender dynamics changing, there are small changes in the ways they discuss the issues. Instead of “head of the household,” they say “*spiritual* head of the household,” which means biblically ordained by God to be the head of the household. It used to mean *breadwinner*; it doesn’t anymore.

When women talk about being *submissive*, they put the word in quotes now. Their mothers will ask, “Are you really submitting to him?” because they see what happens when the wife is making more money and the husband is at home.

WHAT HAPPENS?

Life takes over: “Honey, did you do the laundry? Have you gone to Wal-Mart yet?” You start to behave like the boss.

These families are still trying to figure it all out. Some women insist that the man is the head of the household even though he’s not working and hasn’t been the breadwinner in quite a while. The man-as-protector role persists even for stay-at-home dads; it has to do with strength and physical size; it’s always told to me—and it’s very poignant, actually—in terms of emergencies. I would ask women, “How is he still the head of household if he’s not earning money?” And they would say, “Look, if something bad happened—an emergency, or if someone broke into the house—he would be there for us.”

What survives strongly is the idea of the man as the hero and the savior in a theoretical emergency; I wrote about this in relation to the Aurora theater shooting, in which three men were shot protecting their girlfriends. Sometimes it comes up in a Christian apocalyptic sense: You have to be prepared because the country is going to seed and we’re losing our greatness, and *that’s* the moment you’ll see men rise as men—when you’ll understand what it means to be a man.

IN THE END, YOU MANAGE TO SOUND UPBEAT: “IN MY HEART OF HEARTS I BELIEVE THAT MEN . . . WILL EVENTUALLY LEARN TO DECODE THE NEW FLEXIBILITY, AND WILL BEGIN TO ADOPT IT FOR THEMSELVES.” IS THAT REALLY WHAT’S IN YOUR HEART OF HEARTS, OR DID YOU JUST NOT WANT THINGS TO SOUND SO BLEAK FOR YOUR TWO SONS?

It *is* in my heart of hearts because of this long struggle I went through with the brain-science books. I really wanted to believe that men’s brains are one way and women’s brains another way, so I read the literature—and things are just not that fixed and determinative. We can only conclude that there’s a huge amount of room to move, for men as well as women. ■

REAL DIVERSITY MEANS GETTING PAST GROUPTHINK.

BY JOHN BUCHANAN

DIVERSITY WAS NEVER SUPPOSED TO BE LIMITED TO SKIN COLOR, GENDER, OR ETHNICITY. IT ALSO PROMISED TO HELP GENERATE A BROADER RANGE OF THOUGHTS, OPINIONS, AND PERSPECTIVES—AND HELP OVERCOME THE CURSE OF GROUPTHINK.

Any number of recent articles and books have urged executive teams and corporate boards to foster discussion and disagreement. Only from constructive conflict, we've been told, can out-of-the-box opinions and ideas emerge. In short, everyone—really, everyone—agrees that groupthink should be avoided like the plague and that new ideas are as good as gold.

Think

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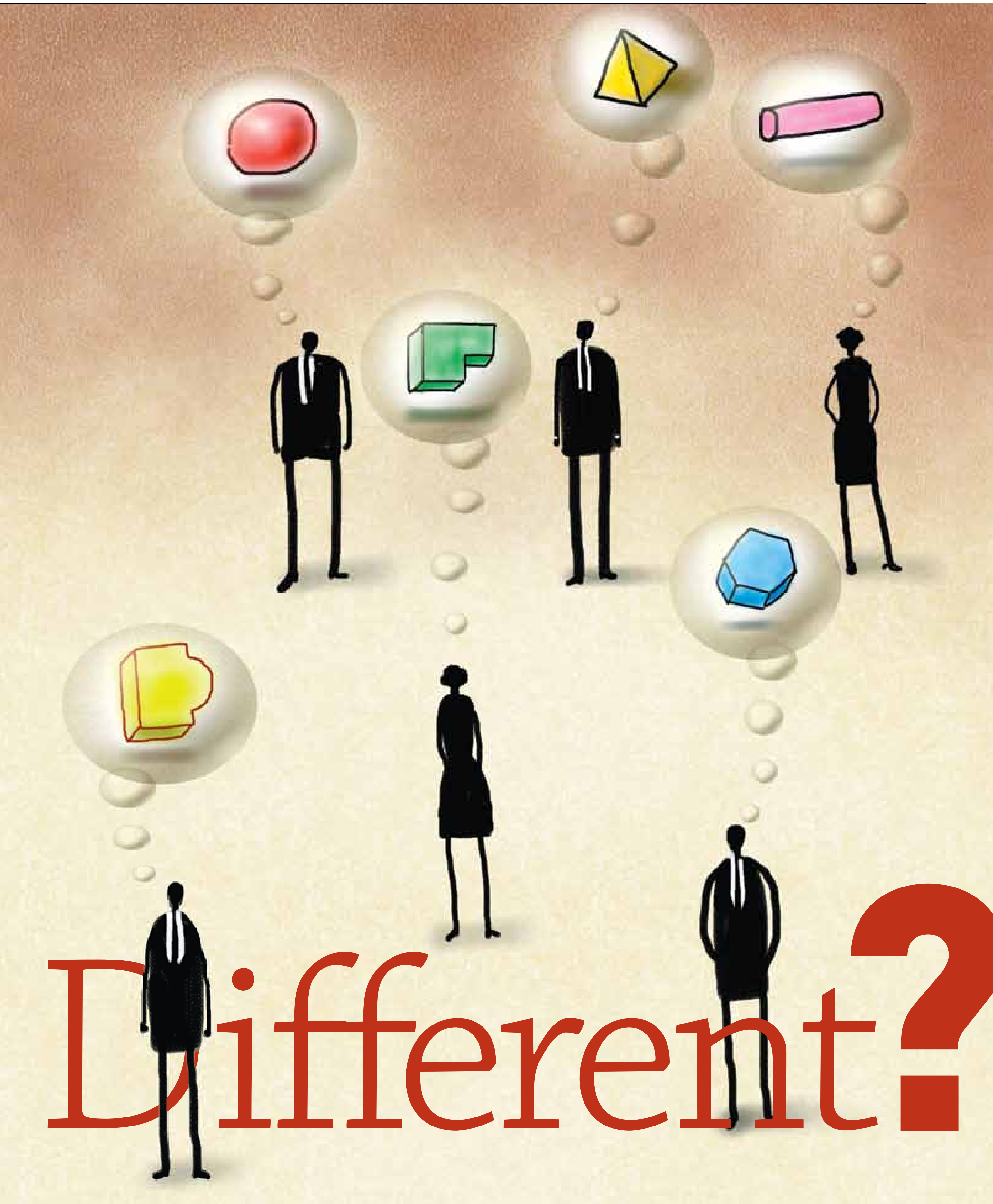


Different?

How is it possible that organizations have achieved

But even though most big companies long ago established formal diversity goals and programs, initiatives aimed at creating fresh ideas, planting the seeds of greater innovation and fostering contrarian views that serve as a hedge against costly mistakes, have—with relatively few exceptions—failed.

Miserably.

How is it possible that organizations have achieved outward diversity but not diversity of thought? Perhaps executives and team leaders say they want debate—and may even believe it—but find real-life pushback annoying and impractical, in the same way that every CEO proclaims an open-door policy but few follow through. Or maybe the problem is more fundamental: that the culture works to stifle dissent and push everyone in the same direction.

"The executives who say they want to bring in diversity of thought really have their own unconscious biases against it," says Joe Santana, a New York-based diversity consultant. "They already have their own model of what the culture of the organization is and who gets points for their thinking. And no matter what they say, most CEOs and other C-suite executives do not want to be openly challenged. And if they are, they are more likely to defend their own views than they are to embrace those of others who think differently."

As a textbook example of what typically happens, Santana cites a Fortune 1,000 CEO who recruited a mid-level executive from a competitor specifically in order to foster new ideas and diverse perspectives. Within a few months, the CEO began complaining that the new person's values and perspectives did not fit well in the company. Shortly after that, they parted ways.

Patricia Lenkov, president of Agility Executive Search in New York, is not at all surprised by that outcome—the story is a familiar one. "Companies start out with these wonderful, noble initiatives," she says. "And then they blow up like that because the person is not given the tools or the guidance to actually do what they were supposedly brought in to do."

The message to others is loud and clear, Santana says—it's best to toe the line and avoid making waves.

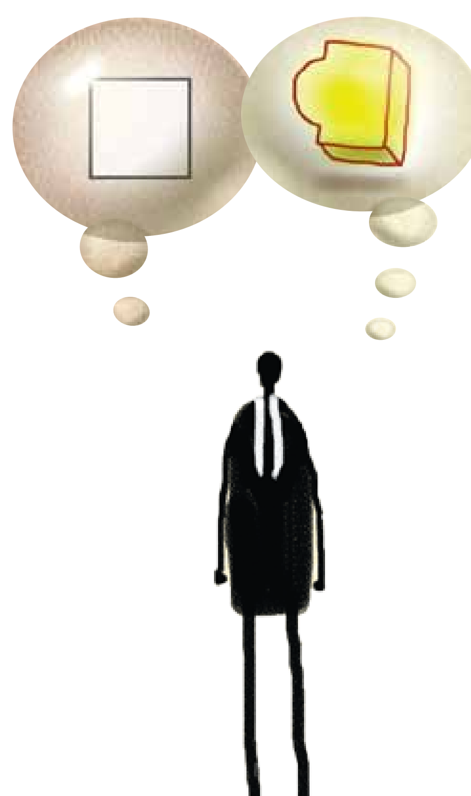
LIFE IN A BUBBLE

One reason why fresh thinking is so hard to come by is that Fortune 1,000 CEOs are largely cast from the same mold. To illustrate that point, Lenkov invokes the board of a major U.S. company that has encountered stormy waters lately—with little, if any, change in its assessment of underlying issues and challenges. That's because the entire board consists of CEOs, she says. It's a diverse group in the traditional sense of the term, but they all share an overarching trait: They run big companies. "So they all think alike," Lenkov says, "and their decision-making process is the same."

And given the current economic climate, that's unlikely to change anytime soon. For example, top executives have little appetite for risk right now, and as a result, they're most comfortable sticking to what they know and what has proven effective in the past. "They play it safe in terms of decision-making," Lenkov says. "So there's not a lot of room for adding any kind of change or diversity of thinking."

Orlando Ashford, managing partner and head of HR at Mercer in New York, agrees with Lenkov's assessment, adding that such aversion to different perspectives will have to change in the future in terms of the characteristics that define the most effective CEOs. "Of course, they need to be confident of their convictions," Ashford says. "But they also need to be more collaborative in terms of how they make decisions."

One top executive who has a unique take on the issue is Ray Dalio, founder and former CEO of giant investment-



outward diversity but not diversity of thought?

management firm Bridgewater Associates in Westport, Conn. From the day he created the company in 1975, Dalio has been a fierce proponent and extraordinarily successful practitioner of diverse thinking as an essential business tactic (see "Thoughtful Disagreement," below). He attributes his success in encouraging disagreement and debate to the fact that he launched the firm without the prejudices or biases of any prior experience at a traditional organization. By definition, he says, a traditional CEO of a company with an existing structure that is hierarchical has a different way of thinking and follows quite a different approach. Being an entrepreneur means having to figure everything out in an independent way, Dalio says. "Rising through an existing structure or culture doesn't usually lend itself to that."

As a famous example of his point, he cites Steve Jobs. "He also did not go into an existing company," Dalio says. "He started a company. If he had spent twenty years in a Fortune 500 company, he would have not been an independent thinker, and he wouldn't be a promoter of independent thinking. He would have had to learn well and follow instructions and get the approvals and the promotions that would allow him to climb the ladder."

FIGHTING THE CULTURE WAR

Even when top executives do genuinely want diversity of thought, they often discover to their dismay that the

THOUGHTFUL DISAGREEMENT

Over the last thirty-seven years, since he founded the company, Ray Dalio, former CEO and now mentor and chief investment officer at investment management firm Bridgewater Associates, has relentlessly promoted diverse thought within the organization.

"I find it an oddity that most executives don't enjoy what I call 'thoughtful disagreement' and find it productive," says Dalio, who attributes his $10 billion net worth to his nontraditional mentality.

One of the key tools he has used to foster thoughtful disagreement is the tape recording of every meeting held at Bridgewater, unless it involves sensitive proprietary information. "And anybody in the company can listen to those meetings," he says. "The most fundamental idea behind what we do is that nothing in the company is hidden. I believe in radical transparency."

Such unorthodox openness is essential to proper communication, Dalio says. "When you do things behind closed doors, nobody is going to know exactly what the deal is," he says. "There's going to be a whole lot of spin. And everybody will try to protect their egos. So who knows what's right and what's wrong? But when everything is radically open, everybody can judge whether something makes sense or not."

Another example of Dalio's innovative tactics is what he calls "issues logs." "Whenever anything goes wrong," he says, "it's the responsibility of everyone at Bridgewater to log it, write it down, and then diagnose why it went wrong—in a non-egotistical way."

The idea, he explains, is to bring problems to the surface—to look for problems. "Because in problems, we find out about weaknesses," he says. "And improvement comes from looking at problems and identifying weaknesses. But most people don't like doing that. So that is another example of a process we have institutionalized, with total transparency, so we can learn and improve."

What his admittedly radical approach has achieved, he says, is a list of tangible business benefits that include fostering innovation and reducing the risk of major mistakes. "You also produce appreciation from your people," he says. "You build meaningful relationships and a sense of community. And you have people who could not work anywhere else. All of those things result if you respect the fact that everybody has the right and obligation to make sense of things and do it in an open way. And that needs to be institutionalized. It has to be structurally created."

And in case anyone doubts the fiscal benefits of diverse thinking, Dalio points out that while the hedge-fund industry posted a negative 5 percent return last year, Bridgewater earned a whopping 23 percent for its clients, which include central banks and foreign governments. Since the global financial crisis of 2008, while competitors struggled, Bridgewater has brought in $50 billion for its clients.

"But that required us to think very differently from the rest of the world," Dalio says. "We thought in a way that was very different from the way everyone else was thinking."

—J.B.

company's entrenched culture effectively kills off any such newfangled notion.

While companies say they are looking for new ideas, there is in most organizations an expectation of assimilation into the existing culture and norms of the enterprise, Santana says. Even when people with new ways of thinking and seeing opportunities and challenges enter the organization, they are generally either remolded into the company's image or weeded out.

(The exception, albeit one with the same result, is when a board brings in a new CEO with a mandate for dramatic change. Adherence to the "old" culture is suddenly seen as obstinacy and inflexibility, and everyone rushes to declare allegiance to each of the CEO's stated ideas, with perceived dissenters hastily pushed out of the organization.)

George Bradt, managing director of Stamford, Conn.-based executive on-boarding consultancy PrimeGenesis, likens that longstanding cultural reality to the old samurai culture of Japan. "If you stood out from the crowd and were wrong, they cut your head off," he says. "If you stood out from the crowd and were right, the group ostracized you and you ended up having to commit *hara-kiri*. The end result of both outcomes was a bad one, so people learned not to stand out from the crowd."

He sees a powerful parallel in today's corporate world. "And it's not just true of the reactions of the people above you," Bradt says. "If you make your peers look bad and they shun you, in today's organization—where things are so much more interdependent than ever before—you can't succeed. You won't last."

Given such a formidable obstacle, Santana says, he counsels clients to assess their organizational culture before they go looking for free thinkers. He recommends they look carefully at the changes that have to be made before they will be able to bring in someone with contrarian ideas and actually leverage that person's value.

Yet another beguiling factor is the ironic reality that diversity, in terms of race, gender, or ethnicity, does not ensure diversity of thought. In fact, although most large companies have aggressively pursued traditional "diversity" for at least a decade, it has yielded virtually no benefit in terms of broader perspective or analysis. It has simply—and surprisingly—led to more groupthink.

"Racial or gender diversity is not the same thing as diversity of thought," Bradt says. "Even if a company is recruiting people who look or sound different, if they're thinking the same way when they come into the company, you don't get diversity of thought. And no matter how you recruit them, if you train everybody the same way and reward everybody the same way, guess what—you end up with the same result. You end up with the same kind of thinking."

Moreover, because many recruits of Fortune 1,000 companies have attended the same handful of business schools and development programs, even if they were diverse when they went in, they are homogenized when they come out. Lenkov agrees that such a cookie-cutter model for B-school graduates exacerbates the problem.

And, says San Diego-based leadership-training consultant AmyK Hutchens, most savvy hires are also trained to adapt to their new organization's culture rather than swim against the tide if they want to get on track to climb the corporate ladder.

FROM THE TOP

When confronted with such daunting obstacles to success, companies that do want to nurture diversity of thought must embrace an all-important, overarching principle, the experts say.

And that is that it's not an HR issue. It's a leadership issue.

Lenkov seconds that opinion but also stresses that to have any real chance of fruition, the initiative must start at the very top of the organization, with the board. "There has to be a culture in the boardroom that will allow for that kind of change, because there's that old saying, 'It's not about what you say—it's about what you do,'" she says. "If you don't actually see such a new initiative represented in the boardroom, how will it translate down into the organization? So it has to be encouraged directly from the boardroom. That's the only way to ensure a continual process that is aimed at creating diversity of thought. Otherwise, even when you have it, it tends to still become groupthink over time. There has to be a constant process of renewal of the desire to have it, and that can come only from the board."

At the same time, says David M. Love II, a director in executive search firm Stanton Chase's Atlanta office, HR leaders must wholeheartedly embrace the concept of truly diverse thinking as an essential twenty-first-century weapon. And for that to happen, he says, top executives must start challenging their HR professionals. "They have to start saying, 'I don't want more of the same. I want diversity of thought, and it's up to you to deliver it.' And that HR person will have to believe in it just as much as the leader does."

MAKING IT HAPPEN

Although few observers seem convinced that diversity-of-thought initiatives will ever sweep through the Fortune 1,000, they are quick to identify cases of companies that have undertaken one and made it work.

"We believe in diversity of thought, and our leaders value it," says Tracey Gray-Walker, a twenty-two-year veteran of New York-based insurer AXA Equitable and now its chief diversity officer. "So we actually promote it. We want to develop different perspectives so that we can ultimately achieve better business results."

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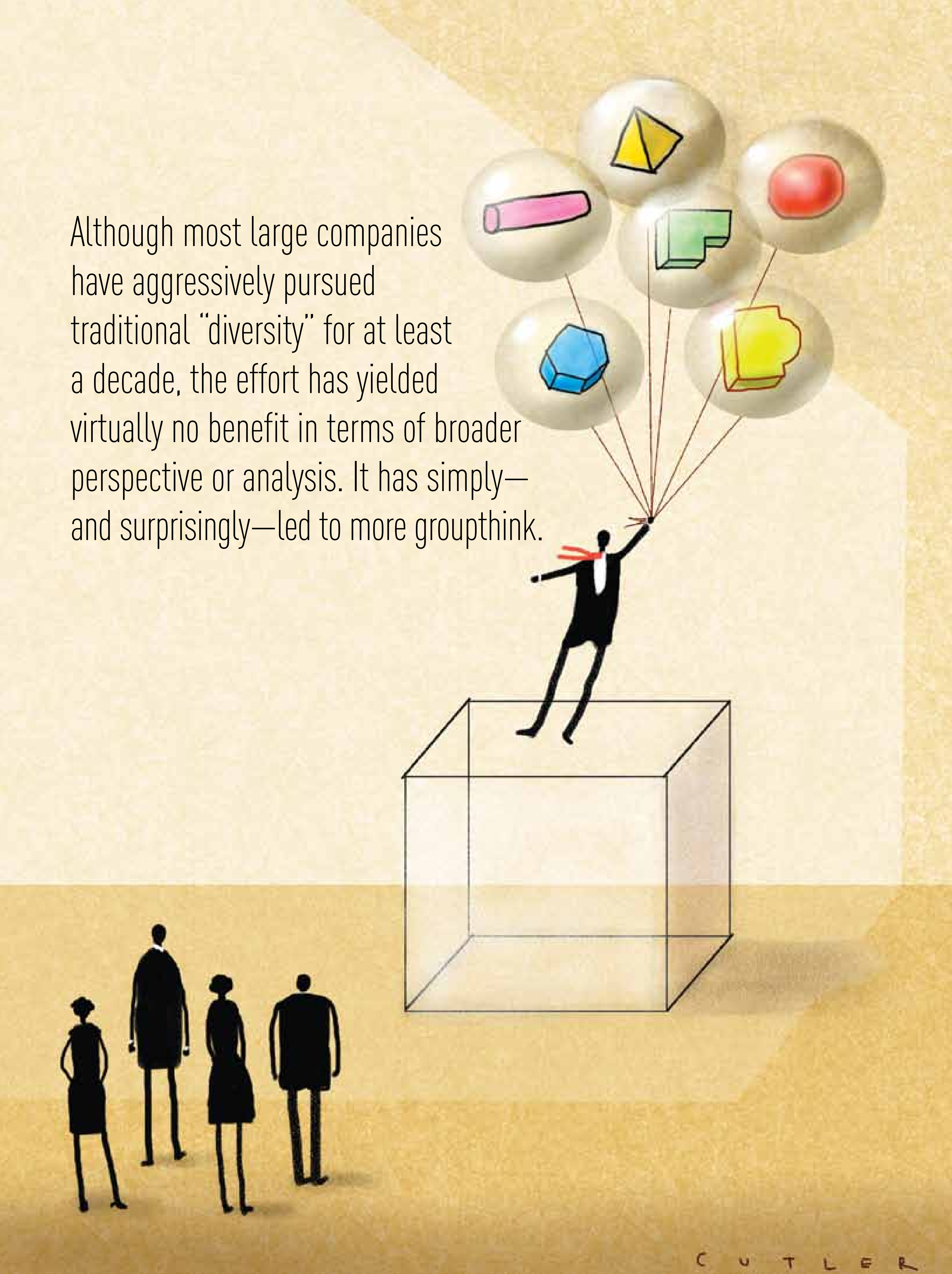
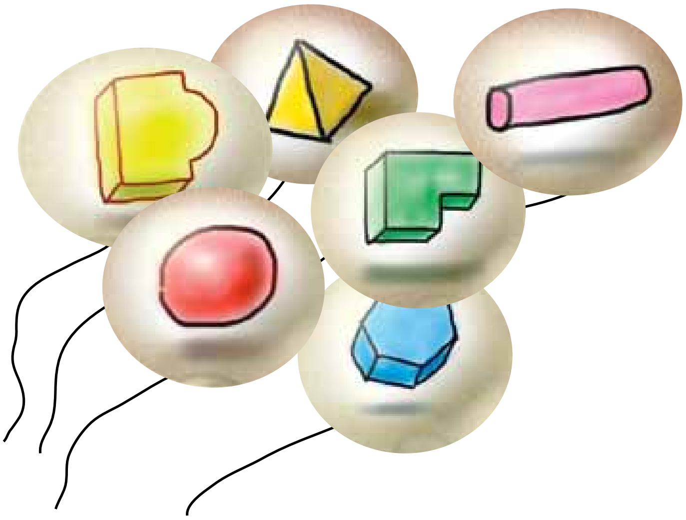




And, Gray-Walker says, it's nothing new. "I can't remember a time when I or others were not encouraged to bring our own perspectives into a conversation or the development of a project," she says.

How does AXA get that message across? It's part of the company's culture. "Speaking for myself, I encourage people to challenge me in meetings," Gray-Walker says. "I don't believe that any one person in the room ever has all the answers. And I was developed in this organization to always think outside the box and to bring my perspectives into everything we do. I also learned that's how you grow and get ahead in this organization."

Management, Gray-Walker says, rewards people for bringing their best ideas to the company every day and helping AXA be better at fundamentals such as product development or customer service.

Another good current example is Boeing, says AmyK Hutchens. The company has created a formal "diversity of thought" program for executives as part of their strategic global diversity initiative. "And what's fascinating about their program is that they now believe and understand that the most successful leaders are the ones that can gather and embrace ideas from multiple perspectives that will generate innovation and business growth," Hutchens says. "As a result, they've actually created a two-and-a-half-day program that is all about valuing and leveraging multiple perspectives and new ideas."

Hutchens also cites Sandoz, the generic-pharmaceuticals division of Novartis. The company's onboarding process does three things to measure a person's potential for diversity of thought. The first is an assessment of so-called "differential ability." That means HR actually tests to see how a person solves problems. Sandoz also uses interview questions based on a potential hire's life experience and the things that have made her who she is—and how that has helped her develop problem-solving skills. And finally, the company uses the Herrmann Brain Dominance Instrument test—though not for hiring people. "They use it to make sure that once they have hired someone, they will get real diversity of thought from that person," Hutchens says.

STARTING A REVOLUTION?

While he might be in a minority for thinking so, Ashford believes—based on the bottom-line success he has observed at Mercer as a direct result of a CEO-driven quest for diversity of thought over the last few years—that such initiatives will become mainstream across the Fortune 1,000 and beyond in the foreseeable future.

"I think diversity of thought will have to become a broad-based practice for a few reasons," he says. "One is the pace and complexity of the business environment in a global economy. Those organizations that are going to be successful going forward are going to be those where you have empowered leaders and engagement that can bring different perspectives and opinions together and people can challenge one another to use their collective intelligence to solve problems."

He agrees with his less optimistic peers, however, that such widespread success will not be easy to achieve. In fact, he says, for many organizations, it will be very difficult to do. And it will remain a daunting challenge, no matter how hard they try to change up their cultures. "But I also think that more and more companies will come to the realization that it's something they need to be doing if they are going to remain successful," he says.

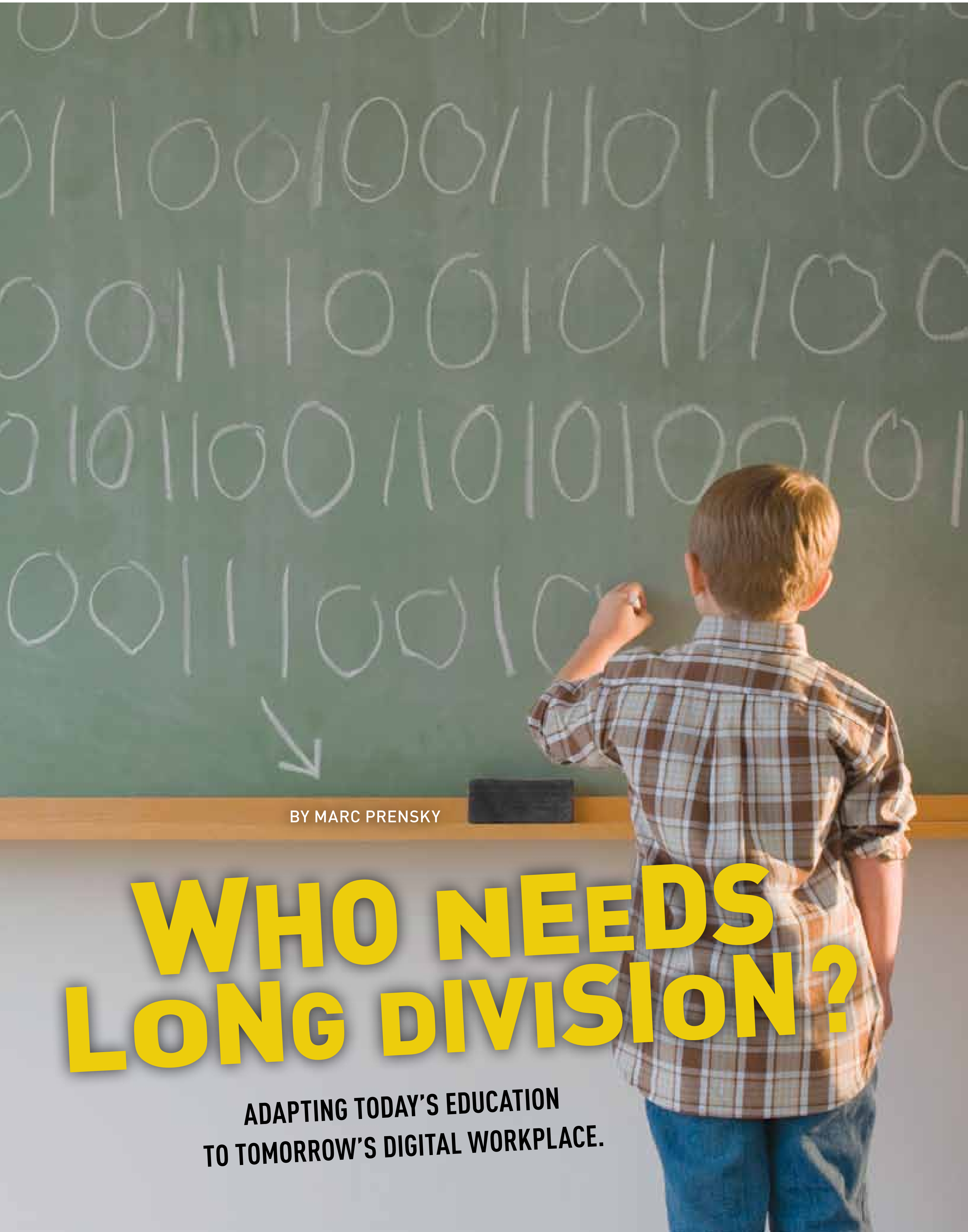
Dalio—the godfather of radically diverse thinking that is encouraged at all costs—also believes that such lofty ambitions will infect more and more companies. But he also draws a clear distinction between what he calls "new generation" companies such as Apple and Google and the old-line, time-honored names now in the Fortune 1,000.

"I think there is a revolutionary new way of thinking that is happening at companies out of Silicon Valley and other places in which the approach to running the organization is very different from the traditional approach," Dalio says. "So I would divide the world into traditional companies and what I would call highly unstructured companies that are highly oriented toward an idea meritocracy—entrepreneurial companies that take a different approach to business. But in those companies, I do think there is a revolution going on about how to achieve independent thinking and build a true idea meritocracy."

And, he says, enormously important business advantages such as the ability to innovate and solve critical problems will increasingly accrue to enterprises that pursue that path.

And not least among them, he says, is the ability to recruit top talent—"so much so," he says, "that I don't believe in the future any intelligent person will want to go to a company that is not an idea meritocracy where their independent thinking is valued." ■

MARC PRENSKY is a speaker, writer, and game designer focusing on education and learning. Adapted from *Brain Gain: Technology and the Quest for Digital Wisdom.*



BY MARC PRENSKY

WHO NEEDS LONG DIVISION?

ADAPTING TODAY'S EDUCATION TO TOMORROW'S DIGITAL WORKPLACE.

WHEN I WENT TO SCHOOL, HALF A CENTURY AGO, I WAS TAUGHT TO WRITE LETTERS, REPORTS, AND ESSAYS. ALL OF THESE WERE AT THAT TIME IMPORTANT AND WIDELY USED. BUT TODAY, IF A STUDENT WERE TO GO TO WORK, NONE OF THOSE WOULD LIKELY BE NEEDED. THE WORKER WOULD WRITE EMAILS, POWERPOINT DECKS, AND BLOG POSTS.

So is that what we should teach instead? Yes, to some degree. But by the time many of today's kids are working, those skills won't be important, either. What skills will? I believe we can already foresee that among the most important ones will be working in virtual communities, making videos (on both sides of the camera), and programming our increasingly powerful machines. So these are skills we should be teaching today.

In continuing to teach old, rarely used techniques, we waste a great deal of our educational time, which is, after all, limited. Not that the old techniques weren't useful for developing certain mental habits and skills. But if we believe the habits and skills are valuable, we should find useful, modern ways to develop them.

IN CONTINUING TO TEACH OLD, RARELY USED TECHNIQUES, WE WASTE A GREAT DEAL OF OUR EDUCATIONAL TIME, WHICH IS, AFTER ALL, LIMITED.

Is it digitally wise, for example, to spend large amounts of time teaching skills that *practically all adults* now offload to machines? These include, for example, adding, subtracting, multiplying, and dividing large numbers. Do students really need to spend years learning the old methods for doing this (which, by the way, are really just paper-based shortcuts) even as backup? Wouldn't it be digitally wiser to teach our young people to use spreadsheets and other widely used mathematical tools—and to use them well—from the earliest grades?

Many would be loath, for example, to see "mental arithmetic" go. But if we are still going to teach it—along with the fundamental lessons of what math is and means, which are still important—we must figure out how that skill helps twenty-first-century people, enhanced with digital tools. One of the only times when the ability to do quick math in our head is truly important is when we are negotiating: A person who can quickly figure out in his or her head the value of something proposed can have an advantage over someone who must pull out tools to calculate. So I'd be for teaching some mental math to our kids in a modern negotiating context.

But is it digitally wise to spend years and years of their schooling—which should be a useful and inspiring time—forcing kids to practice long division and multiplication solutions to problems that they can easily do in other ways—solutions, moreover, that many of them will never master? (And it is not even clear how long the negotiating advantage of mental math, assuming there is one, will last. More and more people now sit at the negotiating table with their tablet, or whatever will replace it, in front of them.)

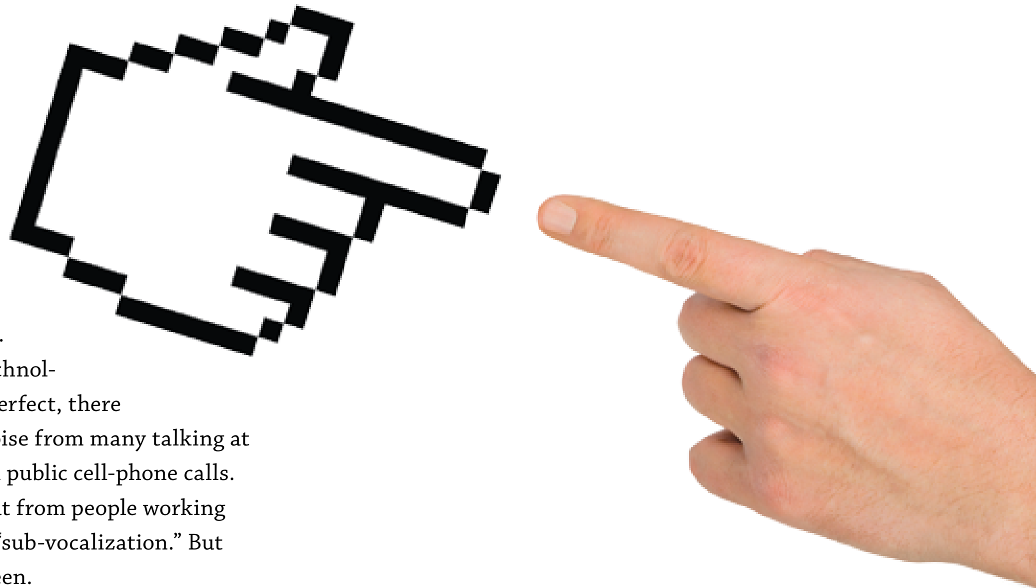
Actually, as Conrad Wolfram argues, in the modern context, we get mathematics teaching backward. We spend almost all our time teaching calculation—the part that machines are much better for. We should be putting our focus instead on the setting up of problems in mathematical language and in interpreting the machine-calculated solutions.

Similar issues exist with writing. Is there anyone who works for a living who still writes most things out in longhand? Yes, there still are some novelists and some doctors—including mine—who do, but are they being digitally wise in doing so, or would their writing of nonfiction books, medical records, and notes be enhanced by being done digitally? (Artistic writing can, of course, be done in whatever way the artist prefers.)

Again, when it counts, we get it backward. Instead of making our kids use keyboards to write, which is clearly the best twenty-first-century way, we not only allow them to do it the old way but in many cases even require that they do it by hand. Why?

People have all sorts of explanations for this. I have heard some worry about keyboards changing. Perhaps, they say, we should not teach and require kids to use QWERTY because it might be replaced. *Of course* it will be replaced—it is an awkward technology. But it's unlikely to be replaced by another keyboard. Numerous attempts to change have shown that despite its inconveniences, QWERTY is too embedded in our culture for it to be replaced with another, even better, keyboard—in some cases it's far worse to have two systems than one that is universal. Although it has its flaws, the keyboard is the best text-entry technology humans currently have. It is the one that all businesses use, and the one that all our kids should master—perhaps even before handwriting—so they can write closer to the speed at which they think.

But I do think all keyboards will go away in their lifetime. Humans are in desperate need of a better technology than a keyboard for entering text into a computer. I am confident that a technology will emerge that is universally acknowledged to be so much better than keyboarding or voice that we will all just switch to it in the same way we all quickly switched to automobiles for travel and Google for search. Some still think voice will be that technology, but even when voice-to-text is perfect, there remains the problem of unwanted noise from many talking at once that we already experience with public cell-phone calls. The best candidate I have heard about from people working on this problem is something called "sub-vocalization." But the eventual winner remains to be seen.



THE TOOLS OF THE CENTURY

If we really bothered to look at our kids' curriculum carefully, we would see that much of what we teach is not to their benefit at all. A lot of it is really for our own nostalgic pleasure—teaching kids to do old things because those things once worked for us. (Worse, we sometimes deliberately make students suffer through whatever we had to suffer though; this is typical of doctoral programs.) Today there exist *better ways* than the ways in which most of us learned to write, read, calculate, and do scholarship. The ironic truth is that while we still teach the old ways to our kids, most of us have abandoned those ways and adopted the new ones ourselves.

But we do still insist on teaching the old ways of writing, calculating, and researching to our kids. Not that the old ways aren't fun sometimes, or even attractive or useful, but they have effectively become, in the digital context, little more than a hobby for enthusiasts, like writing with a quill in chancery hand. Nothing completely goes away—there are still people in the world making flint arrowheads. But is that (metaphorically) what we want today's kids to be doing?

Some do offer serious rationales for continuing to teach the old ways. They make the (valid) argument that the technology we use influences how we think. Writing by hand, some believe, can influence students' thinking in positive ways.

But even if that's true, so what? Our kids are not going to think like people in Shakespeare's time, who wrote with quills, nor do we want them to. They are not going to think like people in the twentieth century, who wrote with ballpoints. They are going to think like people of the twenty-first century, influenced *by the tools of that century*, the tools of their time. And we should all want and expect them to.

We certainly wouldn't say to a kid who loses his pen or pencil, "Oh, just write the essay in your head!" It is hard to think of a job or profession where the wise interplay of mind and

DIGITAL WISDOM ALSO CONSISTS OF HELPING KIDS UNDERSTAND *WHY* WE USE TECHNOLOGY, WHICH IS SOMETHING WE CAN AND SHOULD TEACH NOT AS A SEPARATE SUBJECT, BUT INTEGRATED INTO ALL OUR LESSONS AND CLASSES, JUST AS READING AND WRITING ARE.

technology is not important. Medical school without technology, anybody? Even the most menial tasks, such as garbage collection, recycling, or sewage treatment, rely on computers to schedule, report issues, and more and more, to automate the process. We need to teach kids to think and work in this way. Digital wisdom also consists of helping kids understand *why* we use technology, which is something we can and should teach not as a separate subject, but integrated into all our lessons and classes, just as reading and writing are. They should learn in school not to solve puzzles such as Sudoku, for example, but to write the program that creates (and solves) all Sudoku puzzles in one shot.

The questions I believe we should always ask ourselves when deciding what to teach—and when to change over to newer technologies—are, "Is this a digitally wise move?" and, "How can we be digitally wiser about it?" It is not always the case that just introducing technology into classrooms *is* digitally wise, which is why so much of it sits unused. Potentially, it is a very good thing, for example, that Mark Zuckerberg plans to give $100 million to the Newark, N.J., schools—*if* it is used in a digitally wise way. That way, in my view, would be to imagine and plan for at least a year (and maybe more) before any technology gets ordered. Doing it the other way around—that is, purchasing and *then* planning, as too many educators do—means that by the time people finally figure out digitally wise ways to use the technology, it is already a generation or more old and well on its way to becoming obsolete.

Some worry that valuable skills—particularly "thinking" skills—get lost when we integrate technology. I disagree. This may happen in some instances, but it by no means has to be the case. To prevent it from happening, we must ask, for those skills we consider important: "What are ways to use technology to *better* learn and build these skills?" What we need to find are ways to learn, practice, and master these skills that do not take our young people backward into the past but, rather, move them forward into the future. To teach logical thinking, for example, we no longer have to make our kids spend large amounts of time doing two thousand-year-old geometrical proofs—we can offer them programming, which teaches the same skills *and* prepares them for twenty-first-century jobs.

There is no time to teach—and no point in teaching—all the curriculum we taught in the past to our kids. We can't do that in the time we have—or even if we add more—and still prepare our kids for the future. Why is there not more interest in developing a new, twenty-first-century curriculum and not just adding on new skills to the old? If we could all suspend our personal preferences, prejudices, and nostalgic thinking for a bit, it wouldn't be that hard to do.

THE WISDOM OF CHILDREN

As parents, we must also become digitally wiser in deciding what technology our kids can use and have. When do we buy our kids their first device? When do we let our kids go online? What games can they play? When can they get onto online communities? When can they go onto Facebook? When, if ever, do they get their own cell phone and unlimited texting plan? These are all decisions parents must make in a digitally wise way. Parents should consider all the technologies' *benefits* before the supposed dangers, many of which, it turns out, are far more theoretical than real. (Even the Public Safety Council cautions that "risk" is not the same as "harm.") And most important, for all parents, is talking with, interacting with, and knowing their own child.

Most children, in my experience, understand requests for balance, and even restrictions—when they see that our admonitions contain what the children instinctively perceive as digital wisdom. If all that parents (or any adults) do is blindly follow fear-inspired advice, such as that often offered in the press, and limit kids beyond what is balanced and reasonable, the children will feel unfairly treated. A high-school student expressed this to me in an unforgettable way when I asked her if she had played video games growing up. "No," she responded, "my parents deprived me."

The danger we face is that too much of our parenting and education is depriving our kids of important digital wisdom they need for their future. We need to ask ourselves: What benefits do these technologies bring to our kids' lives? Do they make them better communicators? Wiser people? These conversations can, and should, be had with children directly, as soon as they are capable of having them.

Most parents understand, I believe, that at some point kids should have their own technology (assuming the parents can afford it), although there is great disagreement on when to give devices to children. Unfortunately, when many parents decide it's time for their kid to get a piece of technology, such as a computer or a cell phone, they do it in a way that is digitally unwise: They merely give their device to their kid and buy a new one for themselves. "I'm the adult, after all," their internal rationale goes. "I deserve the best and newest. I will treat it better and use it more wisely."

But this is not digital wisdom. Today such thinking is, in fact, backward. Relatively few adults use, or need, the full capability of today's personal machines and tools. But most kids do. They use them for games, for videos, for movies. They constantly push the limits of what the tools they possess can access, download, and do for them, in ways most adults never do. So, hard as it may be to swallow, the digitally wise thing for a parent to do is to buy the latest and greatest technology for your kid, and not for yourself. You, the adult, should keep the technology hand-me-down (perhaps we should call it the hand-me-up). This may seem like a mistake when you find yourself sitting, as I have, in a room full of colleagues with iPads and you pull out your old laptop. But you are wise to ignore the social pressure and give that iPad (if you can afford only one) to your kid. Chances are excellent that she or he will make much greater use of it than you will.

As schools and educators around the world struggle to find the wisest ways to integrate technology with their instruction, perhaps the digitally wisest thing they can do is to listen carefully to their students—and let the best ones demonstrate just how much they can do. I regularly include panels of local students in the presentations I give to educators, in which the young people get to respond to questions from their elders about what technologies they prefer and about how their learning and performance can best be technologically supported. In most cases, it is the first time that these

questions have been asked of the students, and the first time that such discussions have taken place. Audience members always say they find this valuable, and panelists universally find it worthwhile as well. We can learn much digital wisdom from our young technology users.

Another fear often heard relative to technology in education is that using technology will "dumb down" our teaching. This needn't be the case, and, in fact, it ought to do the opposite. For example, teacher and author Howard Rheingold offers a technology-filled course entitled "Introduction to Mind Amplifiers," delivered through his online Rheingold U. In it he focuses on the learning potential of mind enhancement and on the ability of new tools to "augment what you can do online." The course is hardly what one would call, in the lingo of students, a "gut." Rheingold requires all students to learn and use many tools, post regularly, and even sign a pledge that they will do all of the extensive work the course requires.

A related fear is that machines will take over the teaching function entirely. If this could be done—and done well—it might not be a terrible thing (the current generation of teachers' jobs aside), but it cannot. Today the digitally wise thing to do is not to let computers do all of our teaching—even though for some types of learning computers may be more efficient or better. Digital wisdom comes rather from a learning partnership among teachers, students, and technology. Such a partnership is, in fact, something that technology both encourages and facilitates.

ASKING THE RIGHT QUESTIONS

More and more people are using technology in digitally wise ways, on their own, in what are now referred to as "informal" learning situations. These out-of-school learning situations are becoming a bigger and bigger part of our total learning, and taking advantage of them is increasingly seen as digitally wise. Some have nothing to do with school or even kids. *The New York Times* recently published a front-page article about a 50-year-old physician—a pathologist—who takes bagpipe lessons from a master teacher more than a thousand miles away, via Skype. It is likely that this doctor uses much technology in his work, and, being digitally wise, he now integrates it into his play as well. It is now easier than ever, thanks to technology, to learn to play an instrument. The Web is awash in how-tos, tablatures, and lessons from experts—resources totally unavailable in my own guitar-learning days. Music learning and appreciation is certainly one domain that technology has opened up, and we should encourage it.

In fact, the digitally wise way to learn almost any skill not taught in school has become almost the exclusive domain of technology, via the hundreds of thousands of short how-to videos that can be found on YouTube, Videojug, Sclipo, Sutree, ExpertVillage, ViewDo, HelpfulVideo, TeacherTube, Vidipedia, and other sites.

Although they typically don't use the term "digital wisdom," a number of academic programs and institutes have arisen, over the past few years, to study and provide more digital wisdom in the world.

One of these programs is the MIT Center for Collective Intelligence. At the center's 2006 opening, director Tom Malone described the key question the program is using to organize its work as: How can people and computers be connected so that collectively they act more intelligently than any individual, group or computer has ever done before? "New technologies are now making it possible to organize groups in very new ways," he said, "in ways that that have never been possible before in the history of humanity. And no one yet understands how to take advantage of these possibilities.

COMPUTER GAMES ARE A TECHNOLOGY THAT IS BEING INCREASINGLY ASSOCIATED WITH LEARNING, AND THAT ASSOCIATION ALREADY IS A SOURCE OF DIGITAL WISDOM.

"We certainly don't have all the answers yet," he continued. "We're just beginning to ask the questions. We hope that in the long run the work we do in this center will help contribute to scientific understanding in many different disciplines and help us understand new and better ways to organize businesses, to conduct science, to run governments, and—perhaps most importantly—to help solve the problems we face as society and as a planet."

Another academic program related to digital wisdom is the Center for Game Science at the University of Washington, directed by Zoran Popović. The Center focuses on "solving hard problems facing humanity today, most of which are thus far unsolvable by either people alone and by computer-only approaches." They pursue solutions with a computational and creative symbiosis of humans and computers, attempting to evolve a symbiotic problem-solving engine that is game-based. Their belief, Popović says, is that while "people have to learn to adopt to new technological tools, the technologies also have to learn to better assist humans." Working on both of these things simultaneously will, he says, produce the best human-machine symbiosis. The center has produced a game for learning fractions and is working on other learning games embedded in virtual worlds.

Computer games are a technology that is being increasingly associated with learning, and that association already is a source of digital wisdom. The case has now been made conclusively, by academics and others, that game technologies can produce a great deal of learning and positive effects. Important skills that games have been demonstrated to develop include collaboration and working in teams, working effectively with others, making effective decisions under stress, taking prudent risks in pursuit of objectives, making ethical and moral decisions, employing scientific deduction, quickly mastering and applying new skills and information, thinking laterally and strategically, persisting to solve difficult problems, understanding and dealing with foreign environments and cultures, and managing business and people.

And this is true, in varying degrees, of *all* types of well-designed games, including single-player, head-to-head, multi-player, "massively multiplayer," virtual persistent worlds, "alternate reality" puzzles, and even many mini games. The principles are established—even the federal government has begun promoting computer and video games as a digitally wise way of learning. Now the challenge is to create enough good games that students want to play and learn from.

Whether their learning happens though school, through informal routes, though mastering games, or through other means, the world's young people already know that they will need to work with technology in the future. If our goal is to prepare those young people and help them succeed, it is now imperative that we educate them to do this: first, by helping them imagine and understand how to use technology; second, by giving them access to the most up-to-date technology we can afford, even if they have to share; and third, and most important, by helping them achieve digital wisdom. ■

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THINKING WITH EMOTIONS

A look inside our minds reveals why it's hard to learn new information.

THE ANNOUNCEMENT THAT THE HIGGS BOSON HAD BEEN OBSERVED AS EXPECTED IN THE BUBBLE CHAMBERS OF THE LARGE HADRON COLLIDER CREATED QUITE A BUZZ, AND UNDERSTANDABLY SO. I felt just that much better knowing that the universe works the way it was thought to. But it wouldn't have fazed me one bit if the announcements from the Franco-Swiss border were that the search had been abandoned and a new model explaining the basic structure of matter was under construction. Learning something that is new and true is fun and easy—when the substance of what is learned doesn't really matter (at least to the person learning it).

On the other hand, news much closer to home would take some real effort to take on board. Tell me that industry has no effect on company profitability, or that diversified conglomerates are more dynamic than small start-ups, or that the United States really is better than Canada at hockey, and you will have rocked at least part of my world. I care about these things, and so it becomes harder to learn something new about them.

The unfortunate irony, then, is that learning something that is both new and true seems to be extraordinarily difficult only when it is extraordinarily important.

I've had the chance to see this up close of late, and my experiences have given fresh merit to the cumulating research underlining how tenuous is the grip of rational thought on our beliefs and actions.

My colleagues at Deloitte and I have been conducting research into the drivers of long-term profitability. As the findings have emerged over the last year or so, I've had the opportunity to discuss the work with a number of executives in companies that we've studied in detail.

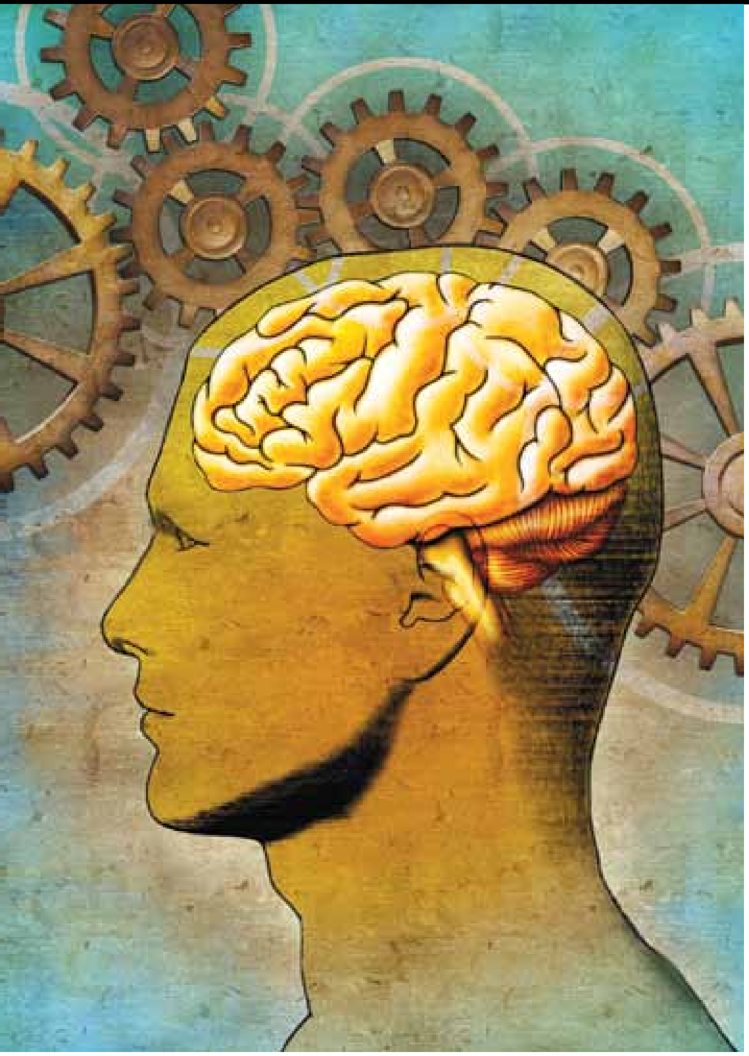
As much as we thought we had something insightful, there was an unmistakable, and sometimes explicit, belief on the part of our interlocutors that what we had to say was wrong or incomplete, or obvious and irrelevant. Most surprising, perhaps, is that all of these charges could be leveled at the same conclusions in the course of a single meeting.

But every once in a while, the exchanges have had an entirely different complexion, my most recent meeting being the most memorable yet. I spent a couple of hours with a twenty-plus-year veteran—with better than the last decade in the CFO slot—of a major U.S. corporation with revenue in the billions. Our research categorized his company as a "Miracle Worker"—that is, an organization that has been so profitable for so long that it's clear something more than luck has been at work. In particular, this company has bested a well-known competitor (one with revenue in the tens of billions) by, on average, several percentage points of return on assets per year for the last three decades.

A defining element of our research has been uncovering what we're calling "elements of advantage": how differences in key measures such as gross margin and asset turnover explain differences in overall performance, and then connecting that underlying economic structure to specific behaviors that plausibly account for those observed differences. I learned that over the last thirty years, his company has had a significant disadvantage in a variety of subsidiary measures—asset turnover; selling, general, and administrative costs; and so on—that has been more than compensated for by a shockingly large advantage in gross margin. My Deloitte colleagues and I had concluded that the key to the company's superior profitability has been a highly differentiated competitive position that allowed it to charge higher prices, which made up for its higher costs.

That's when things got interesting.

The CFO's response was spontaneous and vigorous (although still entirely gracious): *This could not be true*. This company competes in what most people would say is a highly price-sensitive industry. Its marketing collateral has for decades touted low prices, and the business has been relentless in keeping costs down. (A tour of the company's offices gives you a visceral appreciation for how seriously management takes this.)



We had been able to uncover a fundamental insight about the drivers of profitability that went against the intuition and considered beliefs of a capable and successful senior executive at a highly successful company. Where others had been dismissive, this time around, we'd made a breakthrough that I credited to improvements in our work.

I have since realized that the true hero of this story is the CFO. In fact, our analysis and presentation hadn't changed much at all. What warrants attention is not that we could teach this CFO anything new but that he was able to overcome his initial knee-jerk reaction. Credit for that belongs to him, not to us, because it's not teaching that's difficult—it's learning.

Learning is tough, it seems, because new information is not fed into our prefrontal cortex and processed by the rational mind, with the outputs then driving our emotional responses and behaviors. Based in part on the fMRI analysis of people making decisions, it is increasingly generally accepted that by the time we are consciously aware of new data, it has already been processed by our "old brain"—those bits of gray matter at the back of our skulls that have more in common with reptiles than computers—and its responses are entirely emotional. Conscious thought is then brought to bear not to determine how we should think and feel about the world but, rather, to construct narratives that justify the reactions we've already had.

Problems arise not necessarily because our emotional responses are irrational. The problem is that these emotional responses draw upon a very limited vocabulary: Can I eat it, can it eat me, can I mate with it?

This creates difficulties because the complex challenges and opportunities of the modern world require a range of responses that goes far beyond this limited repertoire. Consequently, new information that challenges long-held beliefs very often triggers what has become an atavistic emotional response that is all too often negative. Mechanisms that operate in most cases beneath our conscious control then marshal our rational mind to reduce the ensuing cognitive dissonance by discrediting the data that made us feel that way.

I don't know how he did it, but my new CFO friend overcame his initial autonomic emotional aversion to our findings—in the course of a single conversation. I don't want to oversell it, but it was a rare moment that revealed as much to me about the workings of the human mind as anything I've ever witnessed.

We must never forget who's really in charge of our beliefs and, hence, our actions. In the words of one commentator, our rational mind is a mouse riding, and attempting to steer, the elephant that is our emotions. Since that elephant, even when entirely even-tempered, can wreak havoc with our rational intent, we must—at the risk of getting all new age-y—be far more in touch with our emotions than most of us typically are, and in every facet of our lives. To borrow and adapt a phrase, we are not rational beings having an emotional experience but, rather, emotional beings having a rational experience. Unless and until we accept and embrace that fact, we will be unwitting slaves to invisible passions, unable to expand the very horizons we most dearly wish to see beyond. ■

Entertaining the notion that high prices have been the key to sustained success made this man physically uncomfortable. His initial posture, which had exuded magnanimity (leaning back in his chair, arms behind his head, relaxed face, and a warm smile), transformed into a pinched hunch as he studied my charts and quizzed me on the minutiae of our calculations.

So it went for nigh on two hours, at which point I witnessed the remarkable transformation that inspired this column: He sat back, his eyes unfocused, then looked at me with surprising equanimity. "You know," he said, "I think you're right."

For the next couple of days, I was feeling very pleased with our research.

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THE CHECK IS IN THE MAIL

The pervasive problem of late payments.

IT CAN START WITH THE ONLINE EQUIVALENT OF A BLANK LOOK. "WHAT INVOICE?" THE CLIENT EMAILS BACK WHEN YOU INQUIRE ABOUT YOUR OVERDUE PAYMENT. YOU GROAN. THIS IS GOING TO BE ANOTHER LONG HAUL.

Sometimes the excuses are subtler. "We have a complex new payments process, but we are working on it" or, "It's in the system, but it has not yet been authorized." No timing is given, and the details are sketchy enough to cover payment any time from next week to never.

Late payment is a serious problem for many businesses, and it is getting worse. A report this summer by BACS, the U.K. automated-payment-schemes body, found that small businesses were owed a record £35.3 billion, an increase of nearly £2 billion from six months earlier. What's more, companies now have to wait on average for nearly thirty days longer than the agreed payment terms.

Big businesses are the worst culprits, the survey found. As a recent victim myself, this is certainly my experience. The bigger the company is, the longer the wait for payment. I've suffered delays as long as eighty days, and I know businesses that have waited even longer. My promptest debtor is a small nonprofit organization that manages to make bank transfers in a day—something that, astonishingly, eludes the army of payment processors in some multinational companies.

The record on late payments varies from country to country, indicating that this kind of bad behavior is more acceptable in some cultures than in others. Only twenty-four out of a random sample of 104 businesses around the world said that their U.S. customers paid them on time, according to a recent survey by the Finance, Credit and International Business Association. Most respondents experienced delays of up to thirty days beyond their agreed terms, with some waiting up to sixty days.

In Western Europe, Scandinavia has the best record; southern countries place worst. Only around 20 percent of domestic business-to-business invoices are settled late in Denmark and Sweden, half as many as in Italy and Greece, according to the Atradius Payment Practices Barometer. The worst-affected sectors are manufacturing and wholesale/retail/distribution.

It seems that many countries, including the United Kingdom and the United States, have a "late payments culture" to add to the "compensation culture" and the "entitlement culture" that have disfigured chunks of the business world in recent years. The Federation of Small Businesses, a U.K. lobby organization, says that six in ten of its members routinely deal with late payments by larger private-sector customers.

This is bad for businesses at the receiving end, and bad for economies as a whole. Extrapolate what's happening to individual firms across the whole economy, and you can envisage the damage done when companies are unable to expand or, worse, are forced into liquidation as cash flow dries up. Ultimately, it can backfire on big-business customers because they end up with fewer suppliers, who can then command higher prices and are in stronger positions to dictate their terms.

However, this is more than a purely financial issue. It is also an ethical issue. At its most basic, paying on time is about being honest and sticking to an agreement. Too many companies have forgotten that. They go through the motions of requesting terms and conditions from their suppliers, only to ignore them in cavalier fashion.

"The ethical side is where it all starts," says Charles Wilson, chairman and managing director of Lovetts, a U.K. law firm that specializes in recovering commercial debts. "Finance directors think they're doing a good job for their company by delaying payment and increasing their working capital at someone else's expense."

Wilson blames short-termism for the problem, comparing business attitudes in Britain unfavorably with the "much longer-term" approach he sees in Scandinavian businesses. He believes that the

problem could be resolved if boardrooms made a stand on the principle of prompt payment. Over the longer term, Wilson says, poor treatment of suppliers will come back to bite the perpetrators, just as bad treatment of employees does.

"The ethical issue is about who companies value most," says Oonagh Harpur, a London-based corporate consultant on strategy, reputation, and governance. "They are not valuing their relationship with their suppliers as highly as they value a little bit more money for themselves. The consequence is that when you need your supplier to help you out in a crisis, he may not be so inclined to do so."

A leading design agency I know refused to do any further work for a major retail company after it had to wait a whole year to receive full payment for a completed contract. This was particularly frustrating, as the retailer was reporting record profits at the time. For several years afterward, the retail group was unable to access some of the best designers in the business. Eventually, after many requests, the agency agreed to do some new work for the retailer, but only on condition that it was paid for each completed stage. This took some negotiating, but the agency stuck to its guns. It was a victory for the smaller supplier, demonstrating that large companies can be flexible if they want to be—or are forced to be.

When finance departments hold up payments, they are also damaging valuable relationships between other parts of the business and their suppliers. What has been lost here is recognition that suppliers are real people, who also have bills to pay. Those suppliers may be one and the same as their customers, yet many businesses fall over themselves to satisfy their customers and avoid negative publicity, while treating their suppliers with disdain.

The business world already has a mountain to climb to restore public trust, as I pointed out in my last column. The time, expense, and frustration involved in chasing late payments are not reflected in the raw data, yet they can lead to a big loss of faith. What are all those claims of corporate social responsibility worth when a company is grinding its suppliers into the ground? ■

EXCUSES, EXCUSES

Here's a list of reasons that late payers use to spin things out, together with a translation (courtesy of some of those at the receiving end):

REASON	TRANSLATION
You have given the incorrect information on your invoice.	We gave you the wrong information, and you used it, suckers!
You have not included a Purchase Order number.	We should have given you a P.O. number, but somehow it slipped our mind.
There's a dispute over the paperwork.	It's your fault, not ours, and we won't go into details, as that would speed things up.
It has been processed but is awaiting the payment run at the end of the month.	That's the end of the month after next.
Internal changes have led to a backlog in the system.	The CFO says we need to slow down payments.
I just contacted someone in our processing center in the Philippines/Poland/India.	We have lost track of it.
This is really very embarrassing.	I can't get the number-crunchers in accounts payable to do anything. It's really very embarrassing.
Thanks for your patience.	It helps our balance sheet look better.

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YOUR COLLEAGUE SMELLS BAD. AND?

To what extent should HR involve itself in the perceived well-being of its workforce?

LIFE IS ONE BIG CONFLICT AND HASSLE. WE ARE BORN, WE ATTACH OURSELVES TO A SET OF VALUES AND BELIEFS, AND THEN WE SUFFER FOR THE SAKE OF OUR PRINCIPLES. Some of us are lucky to experience brief bursts of happiness and joy—falling in love, the beginning of a new friendship, finding a new job—but the majority of our time on this planet is spent sorting through complex emotions of despair, doubt, and shame.

Then we die.

Before we even have the privilege of getting hit by the massive truck that will end our misery, we find ourselves at a crummy job—surrounded by pride, ego, and misery. While at work, we all deal with bizarre and uncomfortable issues. The colleague who smells funny, the hippy-dippy administrative assistant who seems perpetually confused, the overweight guy who snacks at his desk all day long and breaks into a sweat while walking from his chair to the toilet. Sometimes our co-workers annoy us; other times, we're concerned about their health.

And if you think it is tough to work with people, imagine employing them. Not only do you have to accept the idiosyncrasies and neurodiversity that comes with managing modern workers—you have to engage and motivate them, too.

Good luck with that.

Unfortunately, when an employee has a problem with a colleague, the default behavior in most offices is to ask the local HR lady to intervene and initiate an uncomfortable conversation. To what extent, if any, should HR get involved and address a worker who "obviously" appears unhealthy or kind of weird?

It's tricky.

According to Heather Bussing, an employment attorney and a writer and editor for HRExaminer.com, employers have an obligation to meet their word. They must provide the benefits they promised to provide. They must honor the time off they promised or are legally required to grant employees. And that's about it. Any efforts to inquire into an employee's wellness or deal with a perceived quirk should have a really good reason and a specific outcome in mind. "If a behavior or attribute does not relate to performance," Bussing adds, "the employer should stay out of it."

Unless an employee specifically asks for help, Bussing points out, there is no legal obligation to intervene. Employers should consider personal health issues—and observations on appearance, personalities, or scents—off-limits unless the employee is violating the company handbook or seems to be dangerous to himself or others.

Leave it to a lawyer to tell you to stay out of it. Attorneys have no souls.

An HR head, on the other hand, is no litigator. Years ago, an HR director I know worked with a marketing director who always asked her to do his dirty work—from performance management to interpersonal coaching, no task was too small to require her assistance and personal intervention. One day, the marketing manager poked his head in her office and asked her to speak with a very large employee who smelled funny. He said, "Somebody really needs to help me. It's distracting. People can't work."

She rolled her eyes. Standards of beauty, size, and odor are subjective. Just because someone appears to be unhealthy—and is "obviously" smelly—doesn't mean that there is anything wrong with the employee. But it just so happened that she was having a meeting near the employee's cube, so she swung by to take a sniff. As she turned the corner, her gag reflex kicked in and her eyes started to water. "Clearly, something was wrong," she recalls. "The signs were obvious to me. The employee was bright red. He looked visibly uncomfortable in his chair. He was sweating from working on the computer."

Couldn't that be any of us after a night on the town or dinner at Golden Corral?

"And he really, really, really smelled. Like death," she adds.

She asked the employee to join her for a meeting, during which he immediately admitted that he didn't feel well. "I really need to go to the doctor, but I keep putting it off," he said.

It turns out that the employee suffered from a condition called "diabetic foot." The tissue in his foot and toes had necrotized, and the entire foot needed to be removed immediately. According to Diabetes.org, there were more than eighty thousand amputations of toes, feet, and lower legs in 2009. Many of them would have been preventable if only patients had gotten the right care for their feet. Had someone—a manager or co-worker—spoken up about the smell sooner, this employee might still have his foot.

But one smelly foot doesn't set the precedent for intervention. I wonder—is anyone served when HR speaks to an overweight employee about her BMI or coaches a seemingly spacey or frazzled employee on the benefits of yoga and meditation? If HR is the department that guards against biases and logical fallacies during the hiring process, how do we ensure that preconceived notions don't interfere with the employment covenant?

Bussing advises HR professionals to look inward and check their attribution and cognitive biases at the door before even considering a conversation with an employee about appearance, health, or quirky behavior. Naïve realism—and societal assumptions about wellness and health—can actually backfire and put your company at risk. If you suggest that someone see a doctor for his big gut or foul body odor, be prepared to grant the Family and Medical Leave Act request should doctors discover a medical condition. And when you make assumptions about appearance and perceived wellness, you can also trigger discrimination claims if your actions have a disparate impact on a protected category.

Meanwhile, here's another olfactory case. This one involves a VP of HR whose company works with several different IT consulting firms. One of the organization's full-time employees came into her office and said, "You really have to talk to the new consultant, Arjun. He smells horrible."

Without missing a beat, she replied, "Get over yourself." (As a side note, that's an excellent response for almost every situation in HR.) The employee persisted and told her, "Customers are complaining. Arjun is hurting business. He is known for his smell."

"You show me the customer who is actually complaining about Arjun's smell, and I will look a little further into the situation," the HR director responded.

Of course, there was no name. The employee was homing in on an ethnic attribute and trying to attack the consultant's credibility by creating a false conflict. Now the VP of HR had to investigate the false complaint and think critically about whether or not the employee was creating a hostile environment for other workers.

Sometimes HR is thankless, but it's *really* thankless when HR professionals feel the need to react and intervene in subjective ways. If it's any comfort, Bussing does not feel that if you see something, you need to say something. She points out, "Suggesting that someone shower, lose weight, change their diet, exercise more, or even see a doctor because they don't look good to you is at best bad manners and at worst legal trouble."

Health and medical issues are about as personal as it gets. Between ADA, EEOC, FMLA, FCRA, HIPAA, and GINA (Genetic Information Nondiscrimination Act; Google will inform you of the others), employers are saddled with rules and regulations about what information they can collect and use to make decisions. So if someone appears very sick, call an ambulance or do whatever is appropriate for the immediate well-being of your workforce. That's often the best you can do—and should do—in life, and in human resources. ■

SIGHTINGS

WHAT DOES AN AFRICAN LOOK LIKE?

INCREASINGLY, ORDINARY AFRICANS RESEMBLE ORDINARY AFRICAN-AMERICANS—FROM AROUND 2009. The sub-Saharan region imports about a quarter of the world's used clothing, much of it from the United States. In fact, up to 80 percent of the 2.5 billion pounds of clothes that Americans donate each year to places like the Salvation Army and Goodwill stores eventually end up in vast markets like the one pictured above, in Uganda.

Each day, at the numerous open-air bazaars in and around Kampala, hundreds of thousands of shoppers pick through a sea of imported clothes each day. A Ralph Lauren shirt—only slightly frayed—may cost less than local traditional garb. Indeed, it's not uncommon for local businesspeople to snap up suits to wear to their next meeting.

However, in getting a good bargain, some critics see a bad deal. As one local Ugandan told *The New York Times* some years back, "These secondhand clothes are a problem. Ugandan culture will be dead in ten years, because we are all looking to these Western things. Ugandan culture is dying even now. It is dead. Dead and buried."

Losing local culture is one thing. Losing money is another—and some governments are taking notice. Because importation of secondhand clothes tends to hurt domestic textile and apparel manufacturers, some countries, such as Nigeria and Eritrea, ban or institute heavy restrictions on pre-owned clothing. South Africa, for instance, permits charitable—but not commercial—resale of imported used clothes. And every so often, Ugandan lawmakers also threaten to crack down on the trade. No one seems worried, though. Even where there's heavy regulation, illegal marts openly thrive. With markets, like clothes, it seems black never goes out of style. —VADIM LIBERMAN