

## Forté Enterprise Digest

Complimentary news and information

September 2011

Welcome to this latest edition of *Forté Enterprise Digest* in which we follow up on a previous story about customer experience, discuss the implications of poor productivity, explore the differences between large and small enterprises, touch on why being a good manager means you may end up “under the radar”, consider what jobs are really about and present three strategies we have determined offer the best opportunity to optimise performance without investing large amounts of new capital or working even longer and harder.

Please forward to anyone you think may find the *Digest* of interest or introduce us and we’ll send a copy direct.

<p><b>DIY on “Meth”</b></p>	<p>As you will know we at <i>Forté Management</i> spend quite a lot of time thinking about the way that mental models and national culture influence business, management and other thinking and behaviour. It’s been written that it’s hard to find something that isn’t influenced by national culture but even we were caught off guard by this story. Dale Kirk, CEO of Methcon Group Ltd (<a href="http://www.methcon.co.nz">www.methcon.co.nz</a>) (Methcon provides drug education, advice and specific training programmes for businesses relating to methamphetamine and other addictive drugs - <i>3News Firstline</i> interview 15/09/2011) noted that our DIY culture contributes to the prevalence of methamphetamine use in New Zealand – 3<sup>rd</sup> highest in the developed world – because meth is a DIY manufactured drug – and guess what – we’re masters at DIY!</p>
<p><b>How influential is national culture really</b></p>	<p>Anyone who is at all familiar with <i>Forté Management’s</i> work over the last four or five years will have heard us talk about or will have seen our papers, reports or presentations on the role of mental models and national culture in influencing motivation, innovation, management practises and economic performance – and in particular the barriers to the translation of innovation into commercial outcomes represented by the Kiwi mindset.</p> <p>We are often asked – “<i>Just how influential is national culture really? Surely with mass media we’re all becoming more similar.</i>” That’s a really good and important question and we’ll answer the second half first. The academics state adamantly that there is no evidence that national cultures are converging. In fact there is some evidence that with the rise of nationalism the opposite is happening.</p> <p>Now for an illustration of just how influential the mental models derived from national culture really are. Korean Airlines - KAL - lost aircraft in 1977, 1979, 1982, 1987, two in 1989, another in 1994 and 1997 and four more in 1998 and 1999. There’s no nice way to put it. That is a disastrous safety record. So disastrous in fact that the Korean President stopped flying with the national airline and the US Department of Defence banned their personnel from flying with KAL. When KAL Flight 801 flew into the side of a mountain in Guam despite the co-pilot and engineer hinting to the captain that there was a problem, it was the last straw. Boeing led investigations to try to find an answer. First thing was, none of the crashes could be attributed to mechanical or instrument failure – and none occurred when the co-pilot was flying. The answer, it turned out was national culture – Power Distance to be exact. (Power distance is the extent to which power differentials are tolerated within a society – the opposite to egalitarianism, ie high Power Distance = low egalitarianism. New Zealand has a relatively low Power Distance Index.)</p> <p>When the co-pilots made a mistake the captains – often in very abrupt terms – even slapping</p>

	<p>one co-pilot across the face – would point out the errors and tragedy would be averted. Not so the other way around. The captains had such superior status that it was impossible for the co-pilots or engineers to point out a mistake – and so the planes crashed.</p> <p>Later, a Boeing official lamented that they designed their aircraft to be flown by two people acting as a team with relative equality. <i>“That perhaps is not appropriate in all situations.”</i> Now if national culture can influence the design and safety of a jumbo jet so profoundly, then imagine the affect it can have on management of a business – or economy.</p> <p>There’s an even more important message here though. We are not slaves to our cultures. We can design strategies that manage issues like the power differential on a flight deck. In fact that’s exactly what happened. An international aviation rule was introduced that, in the event of a captain ignoring safety advice three times, requires a co-pilot to take command. The turn around at KAL was remarkable! Just four years later they received an international air transport safety award and remain to this day one of the world’s safest airlines.</p> <p>Think about it! Think about the way national mindset influences the way we manage, the way we engage with people from other cultures. Then think how that might influence the way you design your strategies... <u>and the way your strategies need to be designed.</u> <a href="#">Download <i>The Business Essentials of Kiwi Culture</i> at this address.</a></p>
<p><b>Immigrants – square peg, round hole</b></p>	<p>There’s a widespread assumption that diversity in the workplace is inherently good and there is indeed evidence that diversity <i>“can improve firm performance, raise organisational efficiency and effectiveness, add value, and contribute to competitive advantage.”</i>* We can safely assume those benefits come from immigrants having different mental models and therefore processing information differently, tackling problems from different perspectives, perhaps understanding our customers differently. Those are certainly benefits worth having – however they are only realised when the diversity is properly managed – and that’s as much, maybe more, about managing the majority culture as it is the minority.</p> <p>There’s also evidence that in any group there is a systematic tendency to eliminate diversity – or in other words impose conformity. Whether intentional or inadvertent – it is pervasive and it is powerful. That kind of defeats the purpose! We get a lot of feedback from immigrants, often approaching us after our workshops and saying “Thank goodness, I only wish I had known more about Kiwis when I first arrived. I’d thought that I’d been doing something wrong!” Always friendly and welcoming but at the same time just a little mysterious and more than a little frustrating. Take for instance our reluctance to give direct answers – in case we cause offence. More often than not we answer questions with another question. Or even more frustrating, conceal our answers in what to outsiders seems like secret code. Now the key thing here is we don’t mean to give oblique answers. In fact we think of ourselves as straight shooters.</p> <p>The problem is, we don’t really recognise the perceptions that we create with people from other cultures. If we want to gain all the benefits that our immigrants offer us, and from our domestic diversity, then we need to understand our respective differences in a lot more detail and build our management practises accordingly.</p> <p>Worth thinking about! Talk with us at <i>Forté Management</i> if you want to know more.</p> <p><small>* Glaser, E., Cultural Divergence or Convergence: What is Better for the Individual, the Group, and the Organisation? (2002) In: S. Cormeraie, D. Killick and M. Parry (Eds.) <i>Revolutions in Consciousness: Local Identities, Global Concerns in Languages and Intercultural Communication</i>. Conference Proceedings IALIC 2000 Conference, Leeds: Leeds Metropolitan University, pp. 91 – 102.</small></p>
<p><b>The cost of having to watch</b></p>	<p>Helen and I have just finished reading two books by Stanford University Professor Robert Sutton. Written in an uncharacteristically frank style for an American publication, <i>“The No Asshole Rule”</i>* and <i>“Good Boss Bad Boss”</i>** are two of the best books either of us has read for</p>

<p><b>your back</b></p>	<p>a good long time. One reviewer described the books as “<i>resonating with anyone who has ever had a job</i>” – and we think that’s probably true!</p> <p>For such an easy going and “allegedly” friendly, mild mannered people, there’s an awful lot of internecine warfare going on in our workplaces – managers vs staff vs managers, managers vs managers. Up and down and backwards and forwards across our organisations. And even those providing outsourced and contracted services aren’t beyond waging a little war of their own if they think they can sneak some advantage. And it’s almost all hidden out of sight behind people’s backs of course. After all, it’s pretty hard to stab someone in the back if you’re looking them in the eyes.</p> <p>We cannot over emphasise just how important this is. <a href="#">Management Matters in New Zealand</a> shows that we Kiwis are not strong on people performance management. Now we’re not suggesting that’s because we are all, in Professor Sutton’s words “assholes”, but the influence of assholes in our workplaces has a disproportionate affect compared to their numbers. In fact one “asshole” will, according to Sutton, neutralise the good of five or six exceptional managers. They tend toward narcissism, egocentrically placing themselves at the centre of the universe and demanding – and strangely often receiving – the same elevation from those around them. In fact research from Cornell, Notre Dame and Western Ontario Universities reveals that jerks get paid on average 18% more than their more agreeable counterparts – despite the high costs they impose on their organisations. They make us cover our backs – and that costs energy, motivation and health. Yes – health. Assholes are correlated with adverse health affects and that means diminished productivity and staff welfare.</p> <p>“<i>The No-Asshole Rule</i>” was a great read – it resonated because it illustrated the widespread problem of workplace jerks and bullies in very vivid terms – but it was limited as a self improvement book. “<i>Good Boss Bad Boss</i>” is much more valuable for managers oriented towards introspection and action and for those who strive to become better managers.</p> <p>Highly recommended reading for all managers interested in getting the best from themselves and from their staff. Tackle both books if you have time otherwise go straight to <i>Good Boss Bad Boss</i>. (They’re available from most libraries)</p> <p>Here’s a tip – don’t be an enabler. Poor workplace behaviour almost always prospers because others, often unwittingly, accept or turn a blind eye to bad behaviour. As a manager it’s incredibly important to be constantly aware of other people’s games and put an end to them. We can cite an example where a contractor end-runs the CEO to the Chairman every time they don’t like something. Then the Chairman, instead of just saying “Whoa – this isn’t appropriate!” listens and placates – in the process undermining the CEO and empowering the subversive (and we might say highly egotistical) subordinate.</p> <p>*Sutton R (2007 ) <i>The No Asshole Rule – building a civilised workplace and surviving one that isn’t</i>, Grand Central Publishing, USA.</p> <p>*Sutton R (2010) <i>Good Boss Bad Boss – how to be the best and learn from the worst</i>, Grand Central Publishing, USA.</p>
<p><b>Can negative language reduce performance</b></p>	<p><a href="#">See the May Digest for a discussion on over and understating communication.</a></p> <p>Without ever thinking about it, many of us, and especially we Kiwis, use very negative and diminishing language. That’s led us to ponder the question “<i>How does our negative and diminishing language affect our own self perception and performance?</i>” Now this is an extremely complex topic and so we can only touch on it here but hopefully it will set you to thinking some more about this topic.</p> <p>It has been found that the types of words we use can alter expectations, behaviour and even our perceptions of reality - dramatically. For example, reading a paragraph that has age (as in old age) related words in it can make people walk slower. Words can make people act more or</p>

	<p>less aggressively and more or less considerably. In sport numerous studies show that positive “self talk” is associated with reduced anxiety, increased effort and self confidence, and has an overall influence on competitive outcomes.</p> <p>Consider these common Kiwi dialogues:</p> <p>Q: “How are you today?”  A: “Not <u>too bad</u> thanks.”</p> <p>S: “You’re looking great today.”  R: “Ah – not really.”</p> <p>S: “Congratulations ... what a fantastic achievement!”  R: “Aw ... it was nothing really (anybody could have done it).”</p> <p>Q: “You wouldn’t like a cup of tea would you?”  A: “I wouldn’t say no.”</p> <p>Recently overheard to a Canadian hotel receptionist:  Q: “You haven’t got a message for me?” (With upward inflection to turn it into a question)  A: The usually impeccably polite Canadian’s response – a quizzical “What?”</p> <p>So, it is only a small step to conclude that if we use a lot of negative and diminishing words it is inevitable that we and the people around us will act accordingly. We know from research in New Zealand that the Tall Poppy Syndrome causes under-performance. Our betting is that our negative talk (including self-talk) will have the same affect. And that makes language of substantial importance to managers.</p>
<p><b>eNzyme<sup>3</sup>  Business  Performance  Supercharger</b></p>	<p>Last edition we wrote about our 3 Mission Critical Strategies workshop series the three strategies that Kiwi businesses can apply to achieve the best performance gains for their investment of time and money. Since then we’ve been working hard to develop that workshop series into a suite of tools for our clients to apply. We all know how long and hard Kiwis work. Longer than most other people in the industrialised world. But to be frank, we don’t earn for our hard work and ingenuity what we should. That just didn’t seem right to us at <i>Forté Management</i> and over the years we had a growing resolve to do something about it.</p> <p><a href="#">eNzyme<sup>3</sup> Business Performance Supercharger</a> is the result. We set out to answer a simple question “Why do Kiwis have to work almost half as long again to earn each dollar than Australians do?” Here’s what we found. Despite all our ingenuity and hard work we run into a whole range of barriers to growing our businesses, our profit and our shareholder value - so we work even longer and harder instead. But hiding in behind those barriers are immense opportunities that are available to almost every Kiwi business. The way we manage our businesses in New Zealand is unique and with our challenges and opportunities mean we need custom made solutions and strategies too.</p> <p>Having made the diagnosis we set about turning our thousands of hours of research and decades of practical innovation, business and consulting experience into three strategy tools that would deliver our clients the best possible performance gains for their investment ... to create new revenue streams, build profit and grow shareholder value</p> <p>Each tool is built around analysis, diagnosis, planning and action. Each is designed so that it can be customised for every client’s unique situation ... and each is designed to provide the best returns on our clients’ investment of money and time. See the <i>eNzyme<sup>3</sup> Business Performance Supercharger</i> (<a href="http://www.forte-management.co.nz/resources/78-Forte_Management_eNzyme3_brochure.pdf.ashx">http://www.forte-management.co.nz/resources/78-Forte_Management_eNzyme3_brochure.pdf.ashx</a>) brochure for more information.</p>
<p><b>Economic</b></p>	<p>Over our many years associated with economic development it became apparent that there</p>

<p><b>development – we need to strike out on new paths</b></p>	<p>are two fundamental philosophies in play. The first is to carefully analyse the existing productive base and map out its trajectory and then see what can be done to accelerate that trajectory. That’s a very sound approach if the plan is to get more of what you’ve always got. But that is not what New Zealand – and in fact most of the Western world needs. We need transformation. We need to leverage off what we have but jump to a new plane – one that creates more value per unit of input – capital and time – than we achieve now. A new business model. Otherwise we are simply in a race to the bottom.</p> <p>The alternative is, instead of starting where we are now and drawing a line to some indeterminate future point, we need to design the future that we want first and then work backwards to determine what we have to do to get there. In our office we have a quote on the wall from John D Rockefeller “If you want to succeed you should strike out on new paths rather than travel the worn paths of accepted success.” And we think that is sound advice.</p> <p>The funny thing is – in New Zealand at least - we’ve already gone through the process of figuring out what we want the future to look like - the goals in our Councils Long Term Plans. The Long Term Plans and the Regional Policy Statements should be the foundation of everything our councils do. When we begin economic development planning or review the current ones, here’s a simple process we advocate:</p> <ol style="list-style-type: none"> <li>1. What do the LTP goals state?</li> <li>2. How prominent a role do the goals play in council and councillor, and wider community decision making? (The goals are intended to be the community goals with the Councils having what might be described as a stewardship role)</li> <li>3. Are economic development goals aligned with the LTP goals? If not why not?</li> <li>4. Which goals need to be adjusted?</li> </ol> <p>(Tony is an accredited economic development professional and his experience includes serving on an OECD economic development expert panel.)</p>
<p><b>Unlimited magazine</b></p>	<p><a href="#">See our latest guest column in UNLIMITED magazine.</a> Apart from the fact that we are a periodic contributor – UNLIMITED is an excellent magazine taking a refreshing look at business issues in New Zealand. Well worth the read.</p>
<p><b>Finding the right balance – applying design principles</b></p>	<p>One of the characteristics we have observed over the years in New Zealand, possibly a product of Kiwi’s love for doing “new stuff”, is that we tend to embrace extremes, struggling to find the productive middle ground. This article is about applying design principles to find the balance between creativity and discipline. It précisés two <i>Inform eMagazine</i> articles from our friend and colleague Dorenda Britten, Managing Director, Design Industry Ltd - <i>Wrangling the Creatives: Curing the Right-Brained Organisation</i> (<a href="http://www.designindustry.co.nz/newsletters/2009/may/may-09.html">http://www.designindustry.co.nz/newsletters/2009/may/may-09.html</a>) and. <i>Taming the Analytics: Curing the Left-Brain Dominated Organisation</i> (<a href="http://www.designindustry.co.nz/newsletters/2009/june/june.html">http://www.designindustry.co.nz/newsletters/2009/june/june.html</a>).</p> <p>“The real trick is to be able to stand back while you’re in the midst of doing business at a frenetic pace and insightfully declare ‘something is amiss here’” – easier said than done of course. The organisation which has erred towards domination of creativity will consider the creative process as sacrosanct, as too precious to be stifled by rules and processes. It will have become proactive rather than reactive. While it will have started out with products and services well embedded in the market place it will tend to lose contact with its customers. Despite its creativity and innovation it will become a frustrating and insecure place to work, prone to inconsistency, unrealistic optimism, chaos, entropy and eventually premature demise.</p> <p>At the other end of the spectrum sits the organisation where processes and disciplines have come to dominate, where adhering to rules, monitoring metrics and comprehensive, complex business plans have become the <i>raison d’être</i>. Although starting out with good research, analysis and well thought out products, they become over focused on analysis, risk management, patch-protection and the status quo. The proverbial ducks are normally in a very</p>

	<p>tidy and orderly row – there is no chaos. There are processes, systems and policies – for every eventuality. These organisations become at risk of imploding - dying in a big black hole, consumed by boredom.</p> <p>The solution and success lies in balance, coordination, integration and synergy. The adoption of design principles on the one hand demands discipline and commitment for the creative types and more creativity for those who are inherently disciplined. Check out Design Industry Ltd (<a href="http://www.designindustry.co.nz/">http://www.designindustry.co.nz/</a>) for more information on application of design principles.</p>
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